

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of St. Johns	County Clinton
Fiscal Year End 6/30/06	Opinion Date 8/25/06	Date Audit Report Submitted to State 10/24/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

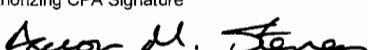
YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	none	
Other (Describe)	<input checked="" type="checkbox"/>	none	
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number (517) 351-6836	
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State MI
Zip 48823			
Authorizing CPA Signature 	Printed Name Aaron M. Stevens	License Number 1101024055	

# **CITY OF ST. JOHNS, MICHIGAN**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2006**



# **CITY OF ST. JOHNS, MICHIGAN**

Comprehensive Annual Financial Report  
Year Ended June 30, 2006

**Prepared by:**  
**Treasurer's Office**

**Gregory T. Teichman**  
**City Treasurer**

City of St. Johns

Comprehensive Annual Financial Report  
Year Ended June 30, 2006

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Year Ended June 30, 2006

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## INTRODUCTORY SECTION



**Dana C. Beaman**  
*Mayor*

**Heather R. Hanover**  
*Vice Mayor*

**Mark R. Bates**  
*Commissioner*

**Barry Dean**  
*Commissioner*

**Bill Jackson**  
*Commissioner*



September 26, 2006

**Dennis D. LaForest**  
*City Manager*

**Cynthia M. Warda**  
*Deputy City Manager*

**Mindy J. Seavey**  
*City Clerk*

**Gregory T. Teichman**  
*City Treasurer*

**John B. Salemi**  
*City Attorney*

**Daniel J. Vreibel, P.E.**  
*City Engineer*

**Steven E. Wagner**  
*Community  
Development Director*

The Honorable Mayor and  
Members of the City Commission  
City of St. Johns  
St. Johns, Michigan

The Treasurer's and City Manager's Offices are pleased to submit the comprehensive Annual Financial Report for the City of St. Johns, Michigan for the fiscal year ended June 30, 2006.

This report is published to provide the City Commission, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To assure interested parties have reliable information, a system of internal controls is implemented. These internal controls are designed to detect irregularities in the accounting system. The controls are designed to assure a reasonable level of oversight. While no system of controls can test and examine every financial event, the controls implemented give a high level of confidence that no material misrepresentations are given.

The City of St. Johns charter requires that the City has an annual audit. This audit is performed by contracted independent auditors and their report is included in the following sections.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City of St. Johns' MD&A can be found immediately following the report of the independent auditors.

## THE REPORTING ENTITY AND ITS SERVICES

### Location

The City of St. Johns is located 18 miles north of downtown Lansing. St. Johns is the county seat for Clinton County, Michigan, and with the completion of highway construction linking US-27 with I-69/96 provides ready access to the interstate systems that make travel to Detroit, Chicago, Cleveland, Indianapolis, and other major metropolitan markets simple and easy. In addition, M-21 and BR US-27, which bisect St. Johns, are routes of quick access to Lansing, Grand Rapids, and Flint. The City encompasses an area of approximately 3.77 square miles, has a population of approximately 7,500, and 39.23 miles of streets.

The City is a home rule city operating under the Commission-Manager form of government. The City Commission is comprised of the Mayor and four Commission members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Commission and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board.

100 East State Street, Suite 1100, P. O. Box 477, St. Johns, Michigan 48879-0477  
(989) 224-8944 Fax (989) 224-2204  
E-mail: [csj@ci.saint-johns.mi.us](mailto:csj@ci.saint-johns.mi.us)

## **Services Provided**

The City provides a full range of municipal services including police and fire protection, refuse and recycling collection, water, sanitary sewer, storm sewer, streets, infrastructure development and maintenance, park and recreational facilities, library services and general administrative services. Internal services of the City include the mobile equipment operations.

Component Units included in the City's financial report include a Local Development Finance Authority (LDFA) and a Principal Shopping District and DDA. These are legally defined and included in sections of the financial reports as appropriate. The purpose of the LDFA is to promote and expand economic growth within the defined Authority. The Principal Shopping District was formed to enhance and coordinate growth and opportunities within the District.

The annual budget serves as the foundation for the City of St. Johns' financial planning and control. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been formally adopted. For the general fund, this comparison begins on page as required supplementary information. For other governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented either as required supplementary information (for major funds), starting on page 35, or other supplementary information (for nonmajor funds), starting on page 48.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of St. Johns operates.

### **Local Economy**

People have been coming to St. Johns for almost 150 years. In 2006, the City of St. Johns has been celebrating its 150 year anniversary or its sesquicentennial. Events and celebrations which provided extra exposure to the City were held. Over the past 150 years, people came to St. Johns to set up businesses ranging from retail shops to automotive parts factories. Others came to be in the seat of county government. Lately, many have come to St. Johns seeking a friendly community and hometown environment that is close to the City of Lansing. St. Johns is poised to accommodate everyone and its cooperative spirit remains the reason both businesses and families choose the community.

Residential housing in a variety of price ranges is abundant in the St. Johns area. Beautiful new single and multi-family dwellings in new City subdivisions ring the City. Stately, historic homes located in the center of the City are a reminder of St. Johns almost 150 year history with their architecture and tree-lined City streets. Apartments and multi-family units provide area residents with choices for today's varied lifestyles. Many additional residential projects are ongoing and have been approved for construction.

State-of-the-art technology is featured in the 7,000 square-foot Briggs Public Library, which serves residents of both the City and surrounding townships. The Briggs Library also brings to the community many new family programs and featured speakers that enhance the quality of life in St. Johns.

The City of St. Johns is home to the only certified industrial park in Clinton County. The industrial park boasts a variety of businesses including an automotive parts manufacturer, two large warehouse distribution centers, an information technology business, and a local credit union. Lots can be customized to fit all needs. The City purchased 13 acres adjacent to the Industrial Park for a regional detention facility which has been completed and exercised an option on the remaining 64 acres for future Industrial Park expansion.

### **Long-term Financial Planning**

A \$43 million dollar bond issue in 1995 for St. Johns Public Schools resulted in a new middle school, two new elementary schools, an addition and renovations to the high school, and new athletic facilities. The added opportunities which the new school construction provides helps elevate the reputation of the school system which has long been considered as one of the top-ranked Class A districts in the state with award-winning academic and theater programs.

A \$10.5 million dollar renovation project at Clinton Memorial Hospital completed in 2000 assures the continued provision of convenient, quality, local healthcare services to St. Johns community residents. Its senior citizens are equally well served by the nationally rated Hazel I. Findlay Country Manor, which provides quality care for the area's elderly population. In fact, an \$11 million dollar assisted living center and a 40 unit apartment complex and community center called Clinton Commons were completed in 2000.

### **Cash Management Policies and Practices**

The City maintains depository accounts with Fifth Third, Citizens Bank, and Firstbank of St. Johns and Comerica Bank of Detroit. The City holds a minimum amount of cash in checking accounts to meet operational needs. The remaining idle cash is invested by City officials in certificates of deposit and other investments as allowed by Michigan Compiled Law and the City's investment policy. The average balance of the City's investment portfolio for fiscal year 2006 was approximately \$4,875,733. The overall portfolio provided \$219,408 in investment income.

In compliance with the City's investment policy, the City Treasurer presents a quarterly investment report to the City Commission summarizing the investment activity, investment income earned, and the investments on hand at quarter end. The reports also compare the investment return with budgetary expectations and suggest improvements that might be made in the investment program.

### **Risk Management**

The City participates in a State pool, the Michigan Municipal League, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The City has no liability for additional assessments based on the claims as filed against the pool, nor do they have any right to dividends.

The City also carries commercial insurance for the risk of loss due to workers' compensation claims.

## **MAJOR INITIATIVES**

### **Street and Sidewalk Program**

The City continues to take steps toward a comprehensive street repair program. The City has completed an update to a road condition study and has formulated a long range plan to improve and maintain the current road system. The City has prioritized efforts to address the streets that need repair and supplemented State of Michigan funding with general fund revenues in the upcoming fiscal year. The City is continuing to explore financing options and alternatives for the citizens of St. Johns to consider. The City encourages homeowners through a reimbursement program to replace sidewalks that have deteriorated and aged. This program continues to help the City in its efforts to have a safe and connecting network of non-motorized travel throughout. In addition to the expansion of the sidewalk program, the City of St. Johns contracted to have a tree study done of the trees in the City's right-of-way and parks. Trees were identified and catalogued as to species and condition. A maintenance plan has been implemented over the past two fiscal years. There has been close to \$115,000 spent already on this program.

### **Central Business District Streetscape**

The City of St. Johns sold bonds to reconstruct the streets and sidewalks for our central business district. This project includes new landscaping, lighting, sidewalks, and the updating of the infrastructure of our downtown. Construction was completed during the spring of 2006.

### **Veteran's Memorial Project**

This project was spearheaded by a local veteran's group to honor those men and women from Clinton County that have served in the armed forces. This project was coordinated with the central business streetscape because of the location of the memorial. Its location is at the north entrance to downtown and is a great first impression to visitors to the area and a place for residents to gather and reflect.

## **Economic Development Effort**

The industrial park has seen tremendous growth in recent years and the City has implemented a plan of action to accommodate the continuing trend. The City has been awarded grant and loan funds to assist with financing of these projects and construction is complete in the first phase. With the purchase of an additional 64 acres, the City is poised for continuing future growth. Two existing businesses are currently expanding or planning to expand in the near future.

A new warehousing facility was completed in the spring of 2003 on approximately 37 acres in the industrial park. This new 17 million dollar facility has brought additional revenues and employment to our city. The new facility employs over 130 people and has become one of our largest taxpayers. Along with this new facility, a maintenance support business for this new entity has opened and has acquired enough land to facilitate future new growth.

Business/office space continues to expand in St. Johns with new construction and renovations of current space. An old school building was torn down to make way for a multi-use site. An office building has been constructed and filled with tenants on part of the site. Additional buildings are currently being built to accommodate new business needs. Transitional residential space was included in the site plan and the last of the multi-family units are completed.

A new educational facility was developed in a vacant retail space. This facility offers college level and enrichment types of programs for the surrounding area. This makes it easier for people to learn new skills to help in their careers or for a job change, or just to learn something new just for fun without having to drive distances.

In 1998, the Downtown Management Board (DMB) was created for the purpose of facilitating programs for an improved growth environment in and near downtown St. Johns (known as the Principal Shopping District). Throughout the fiscal year ended June 2006, the DMB was active in the completion of the streetscape for the downtown area. This project has resulted in a million dollar renovation of the downtown area. A State of Michigan grant has been approved to aid in these projects. A DDA was also formed to further the progress the downtown area has made.

In 1998, the City created a Local Development Finance Authority (LDFA). The LDFA was created primarily to promote economic growth in the City. This board continues to advance this goal with the purchase of additional land for future growth of the City's industrial park.

Renovations were completed on the City owned old railroad depot, which is directly across from the Briggs Library. Currently the local arts council utilizes this space for classes and enrichment for the community. The arts council has located an antique train rail car and is looking to raise funds to restore it as a train museum. This would greatly enhance the attraction at the depot and expose the arts council to more people.

A Rail to Trails project is being pursued to connect a trail that runs through the neighboring county to the east and continue the trail through the central business district. There has been a very positive reaction to this idea and plans are being drawn.

## **Sanitary Sewer Relining**

A bond proposal was passed for a sanitary sewer relining project in the City. In the summer of 2004 this project was completed. This 2.6 million dollar bond issue has allowed the City to increase the efficiency and effectiveness of our wastewater collection and treatment systems along with other improvements and updating to our wastewater and water systems. A second project that was funded out of this bond issue was improvements to the City's water production system to be in compliance with new arsenic regulations. Wells were refurbished to comply with the new stricter standards and other improvements made. This project totaled approximately \$750,000.

## **OTHER INFORMATION**

### **Independent Audit**

The City charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Commission. This requirement has been complied with, and the independent auditor's report has been included in this report.

## Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Johns for its comprehensive annual financial report for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Treasurer's Office. We also wish to express our sincere appreciation to City Department Heads throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the members of the City Commission for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,



Dennis D. LaForest

City Manager



Gregory T. Teichman, CMA  
City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Johns,  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

City of St. Johns

Comprehensive Annual Financial Report  
Year Ended June 30, 2006

LIST OF CITY OFFICIALS

CITY COMMISSION

Dana C. Beaman, Mayor

William G. Jackson

Mark R. Bates

Barry Dean

Heather R. Hanover

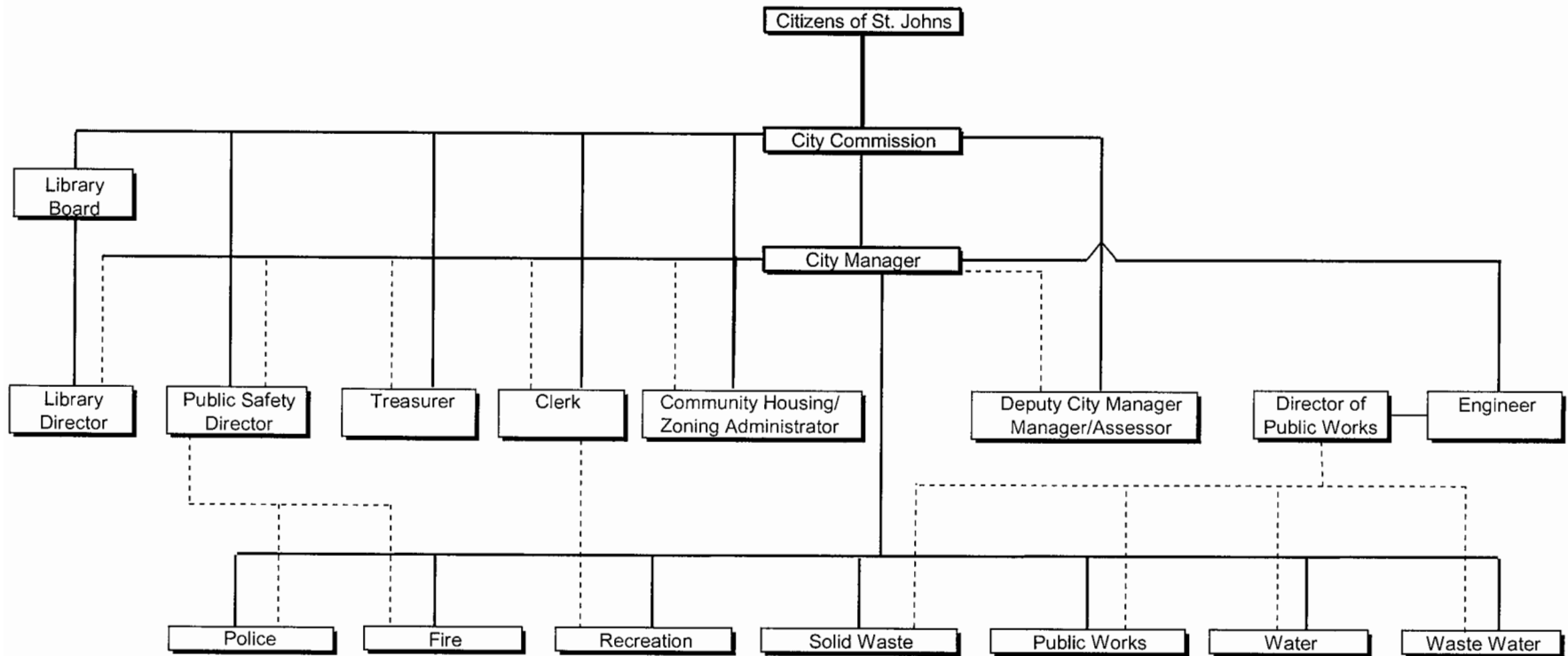
CITY MANAGER

Dennis D. LaForest

CITY TREASURER

Gregory T. Teichman

City of St. Johns  
ORGANIZATIONAL CHART  
2005-2006



Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA



**ABRAHAM & GAFFNEY, P.C.**  
Certified Public Accountants

3511 Coolidge Road  
Suite 100  
East Lansing, MI 48823  
(517) 351-6836  
FAX: (517) 351-6837

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Commission  
City of St. Johns, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of St. Johns, Michigan as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of St. Johns' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of St. Johns, Michigan as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Johns' basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Except for the statistical section, other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section is unaudited and we express no opinion on it.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

August 24, 2006

East Lansing ■ Rochester Hills ■ St. Johns

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

The following is a discussion and analysis of the City of St. Johns financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2006. This analysis should be read in conjunction with the *Independent Auditors Report*, beginning on page ix of this report, our letter of transmittal on pages i through v, and with the City of St. Johns' financial statements, which follow this section. Fiscal year 2006 represents the third year the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments - Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Therefore, this discussion provides comparisons with the previous fiscal year as required by GASB.

### FINANCIAL HIGHLIGHTS

#### Government-wide:

- Total net assets or the amount assets exceeded liabilities, were \$18,318,090 at the close of 2006 (excluding component units). This is an increase of \$1,565,933 or 9.35% compared to 2005.
- Governmental activities net assets were \$8,423,387 for 2006. This is an increase of \$1,280,342 or 17.92%.
- Business-type activity net assets were \$9,894,703. This is an increase of \$285,591 or 2.97%.
- Component unit net assets were \$60,661. This is a decrease of \$33,528 or 35.6%.
- The government's total net assets increased by \$1,532,405 over 2005 or a 9.09% increase.

#### Fund Level:

- At the close of the fiscal year, the City of St. Johns' governmental funds reported a combined ending fund balance of \$3,439,458 with \$250,646 being reserved for specific purposes. This is a decrease of \$250,548 over 2005. This amount reflects the spending of bond monies for the streetscape project.
- The General Fund's overall fund balance increased by \$253,998 over 2005. This increase is a reflection of budget monitoring and a public safety position not being filled. Included in this increase are one time revenues for the sale of land and buildings of \$35,000.

#### Capital and Long-term Debt Activities:

- The primary government (governmental activities) issued new debt for the fiscal year for the following items: \$112,000 Note payable for a new fire truck.
- The total long-term debt for the primary government (governmental activities) was \$4,624,976 with a net reduction of \$198,179 from the prior year.
- The primary government (business-type activities) issued no new debt for the fiscal year.
- The total long-term debt for the primary government (business-type activities) was \$8,239,705 with a net reduction of \$326,320 from the prior year.
- The City of St. Johns remains well below its authorized legal debt limit.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the City of St. Johns consists of the following components: 1) *Independent Auditors Report*; 2) *Management' Discussion and Analysis* and 3) the *Basic Financial Statements* (government-wide financial statements, fund financial statements, notes to the financial statements), *Required Supplementary Information* such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and *Other Supplementary Information* including combining financial statements for all nonmajor governmental funds and proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

**Government-wide Financial Statements (Reporting the City of St. Johns as a Whole)**

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the City of St. Johns as a whole, and about its activities. Their purpose is to assist in answering the question, is the City of St. Johns, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Assets (page 1) presents all the City of St. Johns assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the City of St. Johns financial position is improving or deteriorating.

The Statement of Activities (page 2) presents information showing how the City of St. Johns net assets changed during fiscal year 2006. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- **Governmental Activities** - Most of the City of St. Johns basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the City of St. Johns general government departments such as police and fire, the City Commission, public works, and recreation programs are reported under these activities. This also includes the activities such as the Major and Local street maintenance, the Library, and Drug Enforcement.
- **Business-type Activities** - These activities operate like private businesses. The City of St. Johns charges fees to recover the cost of the services provided. The City of St. Johns Water & Sewer System services are examples of such activities.
- **Discretely Presented Component Units** - Discretely Presented Component units are legally separate organizations for which the City of St. Johns Commission appoints a majority of the organization's policy board and there is a degree of financial accountability to the City of St. Johns. Organizations included as component units: Principal Shopping District and Local Development Finance Authority.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 5 and 8 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the City of St. Johns general capital assets such as buildings, land, cars, computer equipment, etc. These values are not included in the fund financial statements.

### **Fund Financial Statements (Reporting the City of St. Johns Major Funds)**

The fund financial statements, which begin on page 3, provide information on the City of St. Johns significant (major) funds, and aggregated nonmajor funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City of St. Johns uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as funds required by bond or grant agreements. Funds are also utilized to track specific operations; these include the internal services funds (e.g. Mobile Equipment) as well as enterprise funds such as the Water & Fund.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds and where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for City of St. Johns include the General Fund, Garbage Fund, Capital Improvement Fund, and the Water & Sewer Fund. All other funds are classified as nonmajor funds and are reported in aggregate by the applicable fund type. The City of St. Johns includes detailed information on its nonmajor funds in other supplementary sections of this report.

The City of St. Johns funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

- **Governmental Funds** - Most of the City of St. Johns basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the City of St. Johns programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds* (use of fund balance is restricted), *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).
- **Proprietary Funds** - Services for which the City of St. Johns charges customers a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. *Internal Service funds* report activities that provide supplies or service to the City of St. Johns other operations, such as the Mobile Equipment Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

- **Fiduciary Funds** - The City of St. Johns acts as a trustee or fiduciary in certain instances. The City of St. Johns fiduciary activities are reported in separate statements of Fiduciary Net Assets on page 13 and Schedule of Changes in Assets and Liabilities on page 53. This fund is reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the City of St. Johns to fund its operations.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found beginning on page 16 of this report.

**Required Supplementary Information**

Following the Basic Financial Statements is additional Required Supplementary Information (RSI), which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedules for the General Fund and the major special revenue funds.

**Other Supplementary Information**

Other Supplementary Information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

**FINANCIAL ANALYSIS OF THE CITY OF ST. JOHNS AS A WHOLE**

As previously stated, the City of St. Johns 2006 combined net assets were \$18,318,090 at the end of this fiscal year's operations. The net assets of the governmental activities were \$8,423,387; the business-type activities were \$9,894,703.

**Net Assets as of June 30, 2006 and 2005**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Assets</b>						
Current and other assets	\$ 4,552,691	\$ 4,232,884	\$ 4,150,707	\$ 4,520,331	\$ 8,703,398	\$ 8,753,215
Capital assets	8,951,784	8,049,063	14,295,533	13,916,120	23,247,317	21,965,183
Total assets	13,504,475	12,281,947	18,446,240	18,436,451	31,950,715	30,718,398
<b>Liabilities</b>						
Current	963,314	723,261	548,923	448,506	1,512,237	1,171,767
Noncurrent	4,117,774	4,415,641	8,002,614	8,378,832	12,120,388	12,794,473
Total liabilities	5,081,088	5,138,902	8,551,537	8,827,338	13,632,625	13,966,240
<b>Net Assets</b>						
Invested in capital assets-						
net of related debt	4,637,235	3,471,291	5,918,021	5,197,390	10,555,256	8,668,681
Restricted	1,311,895	1,743,340	962,533	2,312,947	2,274,428	4,056,287
Unrestricted	2,474,257	1,928,414	3,014,149	2,098,775	5,488,406	4,027,189
Total net assets	<b>\$ 8,423,387</b>	<b>\$ 7,143,045</b>	<b>\$ 9,894,703</b>	<b>\$ 9,609,112</b>	<b>\$ 18,318,090</b>	<b>\$ 16,752,157</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

The increase of \$1,565,933 from 2005 to 2006 in total primary government net assets reflects the completion of the downtown streetscape project in governmental activities and the decrease in liability balance in the business-type activities.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of St. Johns net assets changed between fiscal year 2005 to 2006:

**Changes in Net Assets for the Fiscal Year Ended June 30, 2006 and 2005**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Revenues</b>						
Program revenue:						
Charges for services	\$ 1,280,934	\$ 1,161,589	\$ 2,795,029	\$ 2,654,811	\$ 4,075,963	\$ 3,816,400
Operating grants and contributions	917,352	747,102	-	-	917,352	747,102
Capital grants and contributions	1,213,548	123,111	14,898	-	1,228,446	123,111
General revenues:						
Property taxes	2,124,466	2,024,846	-	-	2,124,466	2,024,846
State Revenue Sharing	747,033	753,763	-	-	747,033	753,763
Investment earnings	128,036	72,067	118,623	64,703	246,659	136,770
Gain (loss) on sale of assets	( 99,061 )	230,790	-	-	( 99,061 )	230,790
Miscellaneous	201,417	227,014	31,453	43,673	232,870	270,687
Total revenues	6,513,725	5,340,282	2,960,003	2,763,187	9,473,728	8,103,469
<b>Expenses</b>						
General government	1,352,404	1,247,137	-	-	1,352,404	1,247,137
Public safety	1,354,706	1,297,220	-	-	1,354,706	1,297,220
Public works	1,469,984	1,521,734	-	-	1,469,984	1,521,734
Community and economic development	169,519	-	-	-	169,519	-
Recreation and cultural	700,872	625,893	-	-	700,872	625,893
Water & Sewer	-	-	2,674,412	2,615,385	2,674,412	2,615,385
Interest on long-term debt	185,898	157,026	-	-	185,898	157,026
Total expenses	5,233,383	4,849,010	2,674,412	2,615,385	7,907,795	7,464,395
Change in net assets	1,280,342	491,272	285,591	147,802	1,565,933	639,074
Net assets, beginning of year	7,143,045	6,651,773	9,609,112	9,461,310	16,752,157	16,113,083
Net assets, end of year	<u>\$ 8,423,387</u>	<u>\$ 7,143,045</u>	<u>\$ 9,894,703</u>	<u>\$ 9,609,112</u>	<u>\$ 18,318,090</u>	<u>\$ 16,752,157</u>

**Governmental Activities:**

The result of fiscal year 2006 governmental activity was an increase of \$1,280,342 in net assets to \$8,423,387. Of the total governmental activities' net assets, \$4,637,235 is invested in capital assets less related debt, \$1,311,895 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the City of St. Johns government. The balance of \$2,474,257 is listed as unrestricted, having no legal commitment.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

**Revenues:**

The three largest revenue categories were property taxes at 33%, State Shared Revenues at 11% and grants and contributions at 33%. The City of St. Johns levies a property tax millage for general government operations at 9.5846 mills which is not assigned to any particular activity. State Shared Revenue is the third largest source of governmental activity revenue.

**Expenses:**

Public works is the largest governmental activity with over \$1.4 million spent. Public safety is the second largest governmental activity, expending \$1.3 million. It includes the City's police and fire departments. General government is the third largest governmental activity, expending over \$1.3 million of the \$5.2 million total expenditures. This includes administration, elections and other legislative expenses, and municipal building expenses.

**Business-type Activities:**

Net assets in business-type activities increased by \$285,591 during the fiscal year 2006. This increase was partially due to a water and sewer rate study that was conducted and the current rates reviewed. The results of the study recommended that rates are increased to allow for capital improvements and maintenance of the water and sewer system. Interest rates have increased over the past year so this revenue has also increased.

Of the total \$9.9 million of net assets in the business type activities, \$3 million is reported as unrestricted, \$1 million as restricted and \$5.9 million is invested in capital assets (net of related debt).

**FINANCIAL ANALYSIS OF THE CITY OF ST. JOHNS MAJOR AND NONMAJOR FUNDS**

As the City of St. Johns completed fiscal year 2006, its governmental funds reported *combined* fund balances of \$3,439,458. The net changes are summarized in the following chart:

	General Fund	Garbage	Capital Improvement	Nonmajor Governmental Funds
<b>Fund Balance 6/30/05</b>	\$ 866,733	\$ 270,304	\$ 577,459	\$ 1,975,510
<b>Fund Balance 6/30/06</b>	\$ 1,120,731	\$ 207,985	\$ 155,560	\$ 1,955,182
<b>Net Change</b>	\$ 253,998	\$ ( 62,319 )	\$ ( 421,899 )	\$ ( 20,328 )

The General Fund balance increased by \$253,998. This increase is reflective of one time revenues from the sale of City owned land \$35,000, and budget management efforts. The other major governmental funds, Garbage and Capital Improvement, decreased their fund balances by \$62,319 and \$421,899, respectively. Expanded tree trimming efforts in the City after a tree evaluation study was conducted. Extra funds were budgeted and expended. The combined other nonmajor funds decreased by \$20,328 due to the breakout of the Capital Improvement fund from the other nonmajor funds. The Capital Improvement fund was included as a nonmajor fund last fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

**General Fund:**

The General Fund is the chief operating fund of the City of St. Johns. Unless otherwise required by statute, contractual agreement or Board policy, all City of St. Johns revenues and expenditures are recorded in the General Fund. As of June 30, 2006, the General Fund reported a fund balance of \$1,120,731. This amount is an increase of \$253,998 from the fund balance of \$866,733 reported as of June 30, 2005. Of the total fund balance, \$368,146 is reserved, designated or earmarked for specific purposes.

**General Fund Budgetary Highlights:**

The City of St. Johns budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is frequently amended during the course of the fiscal year to reflect changing operational demands.

General Fund revenues totaled \$4,692,528; \$73,929 above the final amended budget. Some of this variance can be attributed to reimbursements received from local governments.

The City of St. Johns expenditures totaled \$4,291,104; \$138,612 below the final amended budget. Approximately \$60,000 of this variance can be attributed to the Public Safety area because of a budgeted position that was not filled. \$50,000 is attributable to the Public Works area where the sidewalk and storm drain budgets were under spent.

**Garbage Fund:**

The Garbage fund has a decrease of \$62,319 to its fund balance from the prior year. The total fund balance is \$207,985 and all is undesignated/unreserved. The Garbage fund is supported by a user fee of \$120/household and a .50 millage on the ad valorem tax roll. Services such as weekly pickup of brush, Christmas tree collection in January, and free screened compost for gardens and yards are some of the benefits of this fund.

**Capital Improvement Fund:**

The Capital Improvement fund had a decrease of \$421,899 to its fund balance from the prior year. This is due to the downtown streetscape project that was completed and being paid for.

**Water & Sewer Fund:**

The Water & Sewer fund had an increase to its net assets of \$285,591. Operating revenues showed an increase of \$121,909. Charges for services increased by \$140,218 or 5%. Operating expenses increased by \$151,076, this includes a sewage collection increase of \$122,866. The sewage collection expenses were system improvements such as SCADA system to monitor tank levels by computer. Non-operating expenses decreased by \$166,956 in 2006. Deferred charges decreased by \$78,384 and interest revenue increased by \$53,920.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - At the end of Fiscal Year 2006, the City of St. Johns had invested \$8,951,784, and \$14,295,533 (net of accumulated depreciation) for governmental and business-type capital assets respectively. Accumulated depreciation was \$5,917,662 for the governmental activities and \$11,080,638 for the business-type activities. Depreciation charges for the fiscal year totaled \$576,214 for the governmental activities and \$506,749 for the business-type activities. For more detailed information related to capital assets, refer to Note F to the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Land	\$ 1,006,450	\$ 91,570	\$ 1,098,020
Construction in Progress	35,716	-	35,716
Land Improvements, net	840,129	-	840,129
Buildings, net	2,296,221	-	2,296,221
Vehicles, net	637,422	-	637,422
Furniture/Other, net	105,573	-	105,573
Drain Flow Rights	26,273	-	26,273
Infrastructure, net	4,004,000	-	4,004,000
Water System, net	-	2,102,528	2,102,528
Sewer System, net	-	11,863,780	11,863,780
Water & Sewer Equipment, net	-	237,655	237,655
<b>Capital assets, net</b>	<b>\$ 8,951,784</b>	<b>\$ 14,295,533</b>	<b>\$ 23,247,317</b>

Long-term Debt - As of June 30, 2006, the City of St. Johns had \$4,624,976 in bonds, notes and accumulated vacation and sick time outstanding for the governmental activity group. Of this amount, \$3,180,000 is bonds, \$310,427 is sick and vacation, and \$1,134,549 is loans and notes (refer to Note G). This level of net obligation is \$198,179 less than the obligation recorded as of June 30, 2005. This was mainly due to the retirement of the scheduled bond payments for the year.

**Outstanding Debt as of June 30, 2006:**

<b>Primary Government Governmental Activities</b>	<b>July 1, 2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2006</b>
Bonds	\$ 3,400,000	\$ -	\$ 220,000	\$ 3,180,000
Loans Payable	349,265	-	34,075	315,190
Notes Payable	828,507	112,000	121,148	819,359
Accumulated vacation and sick	245,383	118,562	53,518	310,427
<b>Total Governmental Activities</b>	<b>4,823,155</b>	<b>230,562</b>	<b>428,741</b>	<b>4,624,976</b>
<b>Business Type Activities</b>				
Water and Sewer Bonds	8,566,025	-	326,320	8,239,705
Loan Payable	152,705	-	14,898	137,807
<b>Total Business Type Activities</b>	<b>8,718,730</b>	<b>-0-</b>	<b>341,218</b>	<b>8,377,512</b>
<b>Total Reporting Entity</b>	<b>\$ 13,541,885</b>	<b>\$ 230,562</b>	<b>\$ 769,959</b>	<b>\$ 13,002,488</b>
<b>Debt Limit (10% of SEV)</b>				<b>\$ 25,141,960</b>
<b>Available Statutory Debt Limit</b>	<b>-see pg 78</b>			<b>\$ 22,222,282</b>

**Limitations on Debt:**

State statute limits the City of St. Johns debt obligations to 10 percent of the current state equalized value (SEV). The City of St. Johns SEV as of June 30, 2006 was \$251 million; therefore the City of St. Johns debt limitation was \$25 million. The City of St. Johns remains well below its legal debt limit by over \$22 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS & EFFECTS**

One of St. Johns auto industry related employers has announced the closing of its plant in 2008. The commission and city staff of St. Johns have been meeting and working with this company for a smooth transition and talking about issues that affect the community. There have been efforts at marketing the plant to new employers and talks about other uses for the property. Ongoing meetings have been planned.

A new business has been added to the City's industrial park. A welding plant is scheduled to open by December 2006. This will add to the City's employment base.

The State of Michigan continues to have difficulty in balancing their budget. Any shortfalls in projected revenues could affect our revenue sharing funds that we receive. In the 2006/2007 State of Michigan budget, revenue sharing was spared any cuts. Our budgets have already been cut more than once and any further cuts would affect the services that we provide to the citizens of St. Johns. Escalating fuel costs could affect the amount of revenues the state receives through the tourism industry. The City of St. Johns will have to monitor closely the State of Michigan's revenue projections for any proposed cuts as the fiscal year progresses.

**CONTACTING THE CITY OF ST. JOHNS**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of St. Johns finances and to demonstrate the City of St. Johns accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the City of St. Johns Treasurer's Office at (989) 224-8944 or via email: [csj@ci.saint-johns.mi.us](mailto:csj@ci.saint-johns.mi.us)

## **BASIC FINANCIAL STATEMENTS**



## City of St. Johns

## STATEMENT OF NET ASSETS

June 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,344,974	\$ 1,998,637	\$ 5,343,611	\$ 60,713
Receivables	740,294	837,163	1,577,457	-
Due from other governmental units	314,216	-	314,216	-
Inventories	6,022	70,702	76,724	-
Prepays	65,485	3,445	68,930	-
Internal balances	81,700	(81,700)	-0-	-
Total current assets	4,552,691	2,828,247	7,380,938	60,713
Noncurrent assets				
Cash and cash equivalents, restricted	-	993,651	993,651	-
Deferred charges	-	328,809	328,809	-
Capital assets not being depreciated	1,042,166	91,570	1,133,736	-
Capital assets, net of accumulated depreciation	7,909,618	14,203,963	22,113,581	-
Total noncurrent assets	8,951,784	15,617,993	24,569,777	-0-
TOTAL ASSETS	13,504,475	18,446,240	31,950,715	60,713
LIABILITIES				
Current liabilities				
Accounts payable	270,724	71,517	342,241	52
Accrued liabilities	75,898	21,557	97,455	-
Due to other governmental units	6,957	-	6,957	-
Accrued interest payable	56,171	80,951	137,122	-
Deferred revenues	46,362	-	46,362	-
Current portion of compensated absences	103,476	-	103,476	-
Current portion of long-term debt	403,726	374,898	778,624	-
Total current liabilities	963,314	548,923	1,512,237	52
Noncurrent liabilities				
Noncurrent portion of compensated absences	206,951	-	206,951	-
Noncurrent portion of long-term debt	3,910,823	8,002,614	11,913,437	-
Total noncurrent liabilities	4,117,774	8,002,614	12,120,388	-0-
TOTAL LIABILITIES	5,081,088	8,551,537	13,632,625	52
NET ASSETS				
Invested in capital assets, net of related debt	4,637,235	5,918,021	10,555,256	-
Restricted for:				
Debt service	129,303	962,533	1,091,836	-
Capital projects	550,959	-	550,959	-
Drug law enforcement	1,858	-	1,858	-
Streets	629,775	-	629,775	-
Unrestricted	2,474,257	3,014,149	5,488,406	60,661
TOTAL NET ASSETS	\$ 8,423,387	\$ 9,894,703	\$ 18,318,090	\$ 60,661

See accompanying notes to financial statements.

## City of St. Johns

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,352,404	\$ 232,178	\$ 4,394	\$ -	\$ (1,115,832)	\$ -	\$ (1,115,832)	\$ -
Public safety	1,354,706	14,044	2,343	46,364	(1,291,955)	-	(1,291,955)	-
Public works	1,469,984	891,697	519,429	945,201	886,343	-	886,343	-
Community and economic development	169,519	21,700	198,860	221,164	272,205	-	272,205	-
Recreation and cultural	700,872	121,315	192,326	819	(386,412)	-	(386,412)	-
Interest on long-term debt	185,898	-	-	-	(185,898)	-	(185,898)	-
Total governmental activities	5,233,383	1,280,934	917,352	1,213,548	(1,821,549)	-0-	(1,821,549)	-0-
Business-type activities:								
Water and sewer	2,674,412	2,795,029	-	14,898	-	135,515	135,515	-
Total primary government	<u>\$ 7,907,795</u>	<u>\$ 4,075,963</u>	<u>\$ 917,352</u>	<u>\$ 1,228,446</u>	(1,821,549)	135,515	(1,686,034)	-0-
Component units:								
Principal Shopping District	\$ 40,393	\$ -	\$ 35,429	\$ -	-	-	-0-	(4,964)
Local Development Finance Authority	194,865	-	-	-	-	-	-0-	(194,865)
Total component units	<u>\$ 235,258</u>	<u>\$ -0-</u>	<u>\$ 35,429</u>	<u>\$ -0-</u>	-0-	-0-	-0-	(199,829)
		General revenues:						
		Property taxes			2,124,466	-	2,124,466	160,418
		State shared revenues - unrestricted			747,033	-	747,033	-
		Investment earnings			128,036	118,623	246,659	2,432
		Loss on sale of capital assets			(99,061)	-	(99,061)	-
		Miscellaneous			201,417	31,453	232,870	3,451
		Total general revenues			3,101,891	150,076	3,251,967	166,301
		Change in net assets			1,280,342	285,591	1,565,933	(33,528)
		Net assets, beginning of the year			7,143,045	9,609,112	16,752,157	94,189
		Net assets, end of the year			\$ 8,423,387	\$ 9,894,703	\$ 18,318,090	\$ 60,661

See accompanying notes to financial statements.

## City of St. Johns

## GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2006

	General	Garbage	Capital Improvement
<b>ASSETS</b>			
Cash and cash equivalents	\$ 908,732	\$ 231,468	\$ 73,022
Receivables			
Accounts	208,478	2,416	83,544
Special assessments	-	-	-
Due from other funds	-	-	-
Due from other governmental units			
Federal/State	101,777	-	-
Prepays	63,146	166	1
<b>TOTAL ASSETS</b>	<b>\$ 1,282,133</b>	<b>\$ 234,050</b>	<b>\$ 156,567</b>
<b>LIABILITIES</b>			
Payables			
Accounts	\$ 52,046	\$ 21,290	\$ 683
Salaries	52,046	4,442	301
Accrued liabilities	3,991	333	23
Due to other governmental units	6,957	-	-
Deferred revenue	46,362	-	-
<b>TOTAL LIABILITIES</b>	<b>161,402</b>	<b>26,065</b>	<b>1,007</b>
<b>FUND BALANCES</b>			
Reserved for			
Prepays	63,146	166	1
Debt service	-	-	-
Unreserved			
Designated for debt service	305,000	-	-
Designated for capital projects	-	-	155,559
Undesignated, reported in			
General fund	752,585	-	-
Special revenue funds	-	207,819	-
<b>TOTAL FUND BALANCES</b>	<b>1,120,731</b>	<b>207,985</b>	<b>155,560</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,282,133</b>	<b>\$ 234,050</b>	<b>\$ 156,567</b>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,681,478	\$ 2,894,700
5,375	299,813
440,481	440,481
81,700	81,700
212,439	314,216
1,859	65,172
<u>\$ 2,423,332</u>	<u>\$ 4,096,082</u>

\$ 15,246	\$ 89,265
11,550	68,339
873	5,220
-	6,957
440,481	486,843

468,150	656,624
---------	---------

1,859	65,172
185,474	185,474
504,621	809,621
406,812	562,371
-	752,585
856,416	1,064,235

1,955,182	3,439,458
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<u>\$ 2,423,332</u>	<u>\$ 4,096,082</u>
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City of St. Johns

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2006

**Total fund balance - governmental funds** \$ 3,439,458

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 14,869,446	
Accumulated depreciation is	<u>(5,917,662)</u>	
Capital assets, net		8,951,784

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		440,481
--	--	---------

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-wide Statement of Net Assets.

Net assets of governmental activities accounted for in Internal Service Funds	772,471	
Net capital assets of Internal Service Funds included in total capital assets above	(637,422)	
Long-term liabilities of Internal Service Fund included in total long-term liabilities below	<u>137,762</u>	
		272,811

Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:

Bonds, notes, and loans payable	4,314,549	
Accrued interest payable	56,171	
Compensated absences	<u>310,427</u>	
		<u>(4,681,147)</u>

**Net assets of governmental activities** \$ 8,423,387

See accompanying notes to financial statements.

City of St. Johns

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2006

	General	Garbage	Capital Improvement
REVENUES			
Taxes	\$ 1,918,630	\$ 97,390	\$ -
Licenses and permits	104,906	-	-
Intergovernmental	1,173,937	-	627,004
Charges for services	523,174	483,052	-
Fines and forfeits	46,917	-	-
Interest and rents	73,590	12,111	5,559
Other revenue	851,374	4,372	-
TOTAL REVENUES	4,692,528	596,925	632,563
EXPENDITURES			
Current			
General government	1,377,703	-	-
Public safety	1,327,430	-	-
Public works	289,587	659,244	-
Community and economic development	169,519	-	-
Recreation and cultural	270,479	-	-
Debt service	173,469	-	-
Capital outlay	682,917	-	1,054,462
TOTAL EXPENDITURES	4,291,104	659,244	1,054,462
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	401,424	(62,319)	(421,899)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(147,426)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(147,426)	-0-	-0-
NET CHANGE IN FUND BALANCES	253,998	(62,319)	(421,899)
Fund balances, beginning of year	866,733	270,304	577,459
Fund balances, end of year	<u>\$ 1,120,731</u>	<u>\$ 207,985</u>	<u>\$ 155,560</u>

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 194,793	\$ 2,210,813
-	104,906
556,456	2,357,397
15,365	1,021,591
123,895	170,812
56,212	147,472
83,475	939,221
1,030,196	6,952,212
132	1,377,835
19,234	1,346,664
347,475	1,296,306
-	169,519
378,913	649,392
362,678	536,147
89,518	1,826,897
1,197,950	7,202,760
(167,754)	(250,548)
314,907	314,907
(167,481)	(314,907)
147,426	-0-
(20,328)	(250,548)
1,975,510	3,690,006
<u>\$ 1,955,182</u>	<u>\$ 3,439,458</u>

City of St. Johns

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

**Net change in fund balances - total governmental funds** \$ (250,548)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	2,263,207	
Depreciation expense	<u>(576,214)</u>	1,686,993
Net effect of disposal of capital assets		(784,272)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Increase in net assets of Internal Service Funds	158,720	
Capital asset transactions of Internal Service Funds included in the total above	(255,064)	
Depreciation expense of Internal Service Funds included in the total above	89,992	
Debt proceeds of Internal Service Funds included in the total below	112,000	
Principal retirement of Internal Service Funds included in the total below	<u>(19,096)</u>	86,552

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 345,785

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Debt proceeds	(112,000)	
Debt principal retirement	<u>375,223</u>	263,223

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in accrued interest payable	(2,347)	
(Increase) in accrued compensated absences	<u>(65,044)</u>	(67,391)

**Change in net assets of governmental activities** \$ 1,280,342

See accompanying notes to financial statements.

City of St. Johns  
Proprietary Funds  
STATEMENT OF NET ASSETS  
June 30, 2006

	Business-type Activities	Governmental Activities
	Enterprise (Water and Sewer)	Internal Service (Mobile Equipment)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,998,637	\$ 450,274
Accounts receivable	837,163	-
Inventories	70,702	6,022
Prepays	3,445	313
Total current assets	2,909,947	456,609
Noncurrent assets		
Cash and cash equivalents, restricted	993,651	-
Deferred charges	328,809	-
Capital assets not being depreciated	91,570	-
Capital assets, net of accumulated depreciation	14,203,963	637,422
Total noncurrent assets	15,617,993	637,422
<b>TOTAL ASSETS</b>	18,527,940	1,094,031
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	71,517	181,459
Salaries payable	20,038	2,177
Accrued liabilities	1,519	162
Due to other funds	81,700	-
Accrued interest payable	80,951	-
Bond and notes payable - current portion	374,898	23,995
Total current liabilities	630,623	207,793
Noncurrent liabilities		
Bonds and notes payable	8,002,614	113,767
<b>TOTAL LIABILITIES</b>	8,633,237	321,560
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	5,918,021	499,660
Restricted for:		
Debt service	962,533	-
Unrestricted	3,014,149	272,811
<b>TOTAL NET ASSETS</b>	<u>\$ 9,894,703</u>	<u>\$ 772,471</u>

See accompanying notes to financial statements.

City of St. Johns

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended June 30, 2006

	Business-type Activities	Governmental Activities
	Enterprise (Water and Sewer)	Internal Service (Mobile Equipment)
OPERATING REVENUES		
Charges for services	\$ 2,790,029	\$ 535,620
Rentals	5,000	-
Other	23,487	4,890
TOTAL OPERATING REVENUES	2,818,516	540,510
OPERATING EXPENSES		
Water plant operation	268,670	-
Water distribution	297,847	-
Wastewater plant operation	631,481	-
Sewage collection	317,664	-
Administrative expenses	291,162	-
Mobile equipment	-	291,467
Depreciation	506,749	89,992
TOTAL OPERATING EXPENSES	2,313,573	381,459
OPERATING INCOME	504,943	159,051
NONOPERATING REVENUES (EXPENSES)		
Interest earned	118,623	11,356
Loss on sale of capital assets	-	(8,156)
Intergovernmental	14,898	-
Interest expense	(326,740)	(3,531)
Paying agent fees	(991)	-
Bond premium	7,966	-
Bond discount and deferred charges	(33,108)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(219,352)	(331)
CHANGE IN NET ASSETS	285,591	158,720
Net assets, beginning of year	9,609,112	613,751
Net assets, end of year	\$ 9,894,703	\$ 772,471

See accompanying notes to financial statements.

## City of St. Johns

## Proprietary Funds

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2006

	Business-type Activities	Governmental Activities
	Enterprise (Water and Sewer)	Internal Service (Mobile Equipment)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 2,765,616	\$ 4,822
Cash receipts from interfund services provided	-	535,620
Cash paid to employees and vendors	(1,602,967)	(119,494)
Cash paid for interfund services received	(81,150)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,081,499	420,948
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Note proceeds	-	112,000
Intergovernmental receipts	14,898	-
Paying agent fees	(991)	-
Capital purchases	(886,162)	(268,800)
Proceeds from sale of equipment	-	5,580
Interest paid	(309,576)	(3,531)
Payments on borrowings	(339,898)	(19,096)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,521,729)	(173,847)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	118,623	11,356
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(321,607)	258,457
Cash and cash equivalents, beginning of year	3,313,895	191,817
Cash and cash equivalents, end of year	\$ 2,992,288	\$ 450,274

City of St. Johns

Proprietary Funds

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended June 30, 2006

	Business-type Activities	Governmental Activities
	Enterprise (Water and Sewer)	Internal Service (Mobile Equipment)
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 504,943	\$ 159,051
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	506,749	89,992
(Increase) in receivables	(52,900)	-
(Increase) in inventories	(7,830)	(68)
(Increase) decrease in prepaids	585	(14)
Increase in accounts payable	43,587	171,706
Increase in salaries payable	3,146	119
Increase in accrued liabilities	1,519	162
Increase in due to other funds	81,700	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,081,499</u>	<u>\$ 420,948</u>

See accompanying notes to financial statements.

City of St. Johns

Fiduciary Fund

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2006

	<u>Current Tax Collections</u>
ASSETS	
Cash and cash equivalents	\$ 168
Due from other governmental units	<u>2</u>
TOTAL ASSETS	<u>\$ 170</u>
LIABILITIES	
Due to individuals and agencies	<u>\$ 170</u>

See accompanying notes to financial statements.

City of St. Johns

Component Units

STATEMENT OF NET ASSETS

June 30, 2006

	Principal Shopping District	Local Development Finance Authority	Total Component Units
ASSETS			
Current			
Cash and cash equivalents	\$ 7,440	\$ 53,273	\$ 60,713
LIABILITIES			
Current			
Accounts payable	52	-	52
NET ASSETS			
Unrestricted	<u>\$ 7,388</u>	<u>\$ 53,273</u>	<u>\$ 60,661</u>

See accompanying notes to financial statements.

City of St. Johns

Component Units

STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
Governmental activities			
Principal Shopping District			
Community and economic development	\$ 40,393	\$ 35,429	\$ (4,964)
Local Development Finance Authority			
Community and economic development	194,865	-	(194,865)
<b>TOTALS</b>	<b>\$ 235,258</b>	<b>\$ 35,429</b>	<b>(199,829)</b>
General revenues			
Property taxes			160,418
Investment earnings			2,432
Miscellaneous			3,451
Total general revenues			166,301
CHANGE IN NET ASSETS			(33,528)
Net assets, beginning of year			94,189
Net assets, end of year			\$ 60,661

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of St. Johns is the county seat for Clinton County, Michigan, and has a population of approximately 7,485. St. Johns is a Home Rule City with a City Manager/Commission form of government. The City is located eighteen (18) miles north of Lansing, the State Capital, and is known as the "Mint Festival City".

The City has five City Commissioners who are selected at large for overlapping four (4) year terms. The Commission appoints the City Manager, Clerk, Treasurer, and Assessor.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

**1. Reporting Entity**

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, *The Financial Reporting Entity* (as amended by GASB Statement 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of the City of St. Johns (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government. All component units are included in the City's audit and are not audited separately.

**2. Blended Component Unit**

The Building Authority is governed by a three (3) member board appointed by the City Commission. Its purpose is to provide for the acquisition and construction of certain public buildings, parking lots or structures, recreational facilities, stadiums and the necessary site or sites therefore for the use of the City.

**3. Discretely Presented Component Units**

These component units are reported in a separate column to emphasize that, while legally separate, the City of St. Johns remains financially accountable for these entities or the nature and significance of the relationship between these entities and the City of St. Johns is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Local Development Finance Authority (LDFA) is governed by a ten (10) member board, seven (7) of whom are appointed by the Chief Executive Officer, subject to approval by the City Commission, one (1) of whom is appointed by the Clinton County Board of Commissioners, and two (2) of whom are appointed by the chief executive officer of St. Johns Public Schools. The purpose of the LDFA is to eliminate the causes of unemployment, underemployment, and joblessness and to promote economic growth in the City, pursuant to Act 281 of the Public Acts of Michigan, 1986, as amended. The City has the ability to significantly influence operations of the LDFA and also has a potential financial benefit or burden. The LDFA is legally separate and fiscally independent of the City. The LDFA is included in the City's audit and is not audited separately.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Discretely Presented Component Units - concluded

The Principal Shopping District (PSD) is governed by a board of no less than nine (9) and no more than thirteen (13) directors. The board is comprised of owners and/or operators of downtown businesses, excepting by statute that one member shall be a representative of the City and one member shall be an adjacent neighborhood resident to the downtown area. The members are appointed by the City Commission. In addition, the Clinton County Board of Commissioners appoints one County representative to the board. The purpose of the PSD is to facilitate programs for an improved growth environment in and near downtown St. Johns, and to assist the downtown area in becoming a stronger mixed-use urban center by encouraging a variety of retail, service, professional, residential and recreational opportunities. The City has the ability to significantly influence operations of the PSD and also has a potential financial benefit or burden. The PSD is legally separate and fiscally independent of the City. The PSD is included in the City's audit and is not audited separately.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- a. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Garbage Fund is used to account for the proceeds of garbage collection that are legally restricted to expenditures for the purpose of garbage collection.
- c. The Capital Improvement Fund is used to account for funds received and expended for capital improvement to the City's streetscape.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Basis of Presentation - Concluded

The City reports the following major proprietary funds:

a. The Water and Sewer Fund is used to account for the operations required to providing water and sewer services to the general public, the costs (expenses, including depreciation) is financed or recovered primarily through user charges.

Additionally, the City reports an internal service fund to account for the management of mobile equipment provided to other departments of the City on cost reimbursement basis.

The City also reports an agency fund to account for assets held by the City as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured. The City's agency fund is the Current Tax Collections Fund.

5. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for the fiduciary agency fund since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and agency funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

6. Basis of Accounting - Concluded

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

The General and Special Revenue Funds' budgets shown as required and other supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Prior to April 1, the City Commission and City Manager prepare and submit their proposed operating budgets for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to June 1, the budget is legally enacted through passage of a resolution.
- d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Fund; however, they are maintained at the account level for control purposes.
- e. After the budget is adopted, all transfers of budgeted amounts between departments within the General Fund or any revisions that alter the total expenditures of any fund must be approved by the City Commission.
- f. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- g. The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
- h. Budgeted amounts are reported as originally adopted or amended by the City Commission during the year. Individual amendments were not material in relation to the original budgets which were amended.

8. Deposits and investments

The City pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the City's investments. Cash equivalents consist of mutual funds. Investments are reported at fair value.

9. Property Tax

The City of St. Johns bills and collects its own property taxes and taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

9. Property Tax - Concluded

Property taxes are levied by the City of St. Johns on July 1 and December 1 and are payable without penalty through August 14 and February 14, respectively. The July 1 levy is composed of one-third of the County's levy, the State Education Tax assessment and the City's millage and assessments. The December 1 levy is composed of two-thirds of the County's levy and school taxes as well as any unpaid July 1 City levies. All real property taxes not paid to the City by March 1 are turned over to the Clinton County Treasurer for collection. The Clinton County Treasurer remits pay-off payments to all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collections Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by state statute to levy taxes up to 10 mills (\$10 per \$1,000 of assessed valuation) for general governmental services other than the payment of Debt Service Fund expenditures. They are also permitted to levy additional mills specifically designated for Library, Garbage, and Recreation services. For the year ended June 30, 2006, the City levied 9.5846 mills for general governmental services, 1.0000 mill for Library services, .5000 mills for Garbage services, and .2581 mills for Recreation. The total taxable value for the 2005 levy for property within the City was \$193,708,856.

10. Inventories

Inventories in the Enterprise Fund consist of Water Department supplies which are stated at the lower of cost or market on the first in - first out basis. Inventory in the Internal Service Fund consist of consumable Mobile Equipment supplies which are stated at the lower of cost or market on the first in - first out basis.

11. Prepayments

Prepaid expenditures in the governmental funds, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

12. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, individual employees have vested rights to receive payment for unused vacation and sick leave.

Accumulated vacation and sick pay amounts that are vested have been recorded in the government-wide financial statements.

13. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

The General Fund and Internal Service Fund (Mobile Equipment) records charges for services provided to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED**

14. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS

Capital assets include land, land improvements, buildings and improvements, equipment, vehicles, and construction in progress and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and business-type activities columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 25 years
Buildings and improvements	20 - 40 years
Furniture and other assets	5 years
Infrastructure	20 years
Drain flowage rights	25 years
Sewer lines	40 years
Pump stations	20 years
Equipment	3 -10 years

15. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

16. Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE B: CASH AND CASH EQUIVALENTS**

The City cash and cash equivalents consist of a common savings account, a common checking account, various savings, money markets, mutual funds, and checking accounts maintained by individual funds and are reported as cash and cash equivalents in the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE B: CASH AND CASH EQUIVALENTS - CONTINUED**

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
3. Commercial paper rated at the time of purchase within the 3 highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The City's investment policy is more restrictive than Michigan Compiled Laws. The City's investment policy authorizes the following investment vehicles:

1. All bonds, securities, and obligations of the United States or any of its agencies or instrumentalities.
2. Certificates of deposit, savings accounts, deposit accounts.
3. Repurchase agreements with the City's main depositories.
4. Money market mutual funds whose portfolios consist of U.S. government securities or other broadly diversified money market instruments as permitted by State law and whose portfolios are limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
5. Investment pools composed of investment vehicles which are legal for direct investment by local units of government in Michigan in accordance with Act No. 367 of the Public Acts of 1982.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2006, the carrying amount of the City's deposits was \$6,175,678 and the bank balance was \$6,426,795, of which \$455,964 was covered by federal depository insurance. The balance of \$5,970,831 was uninsured and uncollateralized. The financial statements include \$1,124 of imprest cash.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE B: CASH AND CASH EQUIVALENTS - CONCLUDED**External Pooled Investment Funds

The City has funds in an external investment pool authorized by Michigan Public Act No. 367 of the Public Acts of 1982. As of June 30, 2006, the carrying amount and fair values of the external pooled investment funds was \$221,341. The fair value of the City's position in the external investment pool is the same as the value of the pool shares.

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The City's investment in the external pooled investment funds are not categorized at risk level because it is not evidenced by securities that exist in physical or book form.

Interest rate risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the City's cash requirements.

Concentration of credit risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Commission and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business in accordance with Commission approved policy.

The cash and cash equivalents referred to above have been reported in the cash and cash equivalents captions in the basic financial statements, based on criteria disclosed in Note A. The following summarizes the categorization of these amounts as of June 30, 2006.

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Fund</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 5,343,611	\$ 60,713	\$ 168	\$ 5,404,492
Cash and cash equivalents - restricted	<u>993,651</u>	<u>-</u>	<u>-</u>	<u>993,651</u>
	<u>\$ 6,337,262</u>	<u>\$ 60,713</u>	<u>\$ 168</u>	<u>\$ 6,398,143</u>

Due to significantly higher cash flow at certain periods during the year, the amount the City held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE C: CASH AND CASH EQUIVALENTS - RESTRICTED**

The following summarizes the restricted cash and cash equivalents as of June 30, 2006:

	<u>Debt Retirement</u>	<u>Other</u>	<u>Total</u>
Water and Sewer Fund	<u>\$ 962,533</u>	<u>\$ 31,118</u>	<u>\$ 993,651</u>

**NOTE D: INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at June 30, 2006, are as follows:

Due to nonmajor governmental funds from:	
Water and Sewer Fund	<u>\$ 81,700</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE E: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business type funds, and component units have been eliminated.

Transfers to nonmajor governmental funds from:	
General Fund	\$ 147,426
Nonmajor governmental funds	<u>167,481</u>
	<u>\$ 314,907</u>

**NOTE F: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2006 was as follows:

**Primary Government**

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,023,740	\$ 650,071	\$ 667,361	\$ 1,006,450
Construction in progress	<u>103,175</u>	<u>35,716</u>	<u>103,175</u>	<u>35,716</u>
Total capital assets not being depreciated	1,126,915	685,787	770,536	1,042,166

City of St. Johns

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE F: CAPITAL ASSETS - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Governmental activities - concluded				
Capital assets, being depreciated:				
Land improvements	\$ 1,010,949	\$ 34,702	\$ -	\$ 1,045,651
Buildings and improvements	2,850,486	37,000	-	2,887,486
Vehicles	1,602,083	268,800	118,532	1,752,351
Furniture and other assets	771,990	61,969	-	833,959
Drain flowage rights	30,623	-	-	30,623
Infrastructure	<u>6,102,261</u>	<u>1,174,949</u>	<u>-</u>	<u>7,277,210</u>
Total capital assets being depreciated	12,368,392	1,577,420	118,532	13,827,280
Less accumulated depreciation for:				
Land improvements	( 160,069 )	( 45,453 )	-	( 205,522 )
Buildings and improvements	( 518,963 )	( 72,302 )	-	( 591,265 )
Vehicles	( 1,129,733 )	( 89,992 )	( 104,796 )	( 1,114,929 )
Furniture and other assets	( 697,317 )	( 31,069 )	-	( 728,386 )
Drain flowage rights	( 3,125 )	( 1,225 )	-	( 4,350 )
Infrastructure	<u>( 2,937,037 )</u>	<u>( 336,173 )</u>	<u>-</u>	<u>( 3,273,210 )</u>
Total accumulated depreciation	<u>( 5,446,244 )</u>	<u>( 576,214 )</u>	<u>( 104,796 )</u>	<u>( 5,917,662 )</u>
Total capital assets being depreciated, net	<u>6,922,148</u>	<u>1,001,206</u>	<u>13,736</u>	<u>7,909,618</u>
Governmental activities capital assets, net	<u>\$ 8,049,063</u>	<u>\$ 1,686,993</u>	<u>\$ 784,272</u>	<u>\$ 8,951,784</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 175,504
Public safety	8,042
Public works	341,188
Recreation and cultural	<u>51,480</u>
Total Depreciation Expense	<u>\$ 576,214</u>

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 91,570	\$ -	\$ -	\$ 91,570
Capital assets, being depreciated:				
Water system	4,416,880	765,342	-	5,182,222
Sewer system	18,998,047	74,172	-	19,072,219
Water and sewer equipment	<u>989,646</u>	<u>46,648</u>	<u>6,134</u>	<u>1,030,160</u>
Total capital assets being depreciated	24,404,573	886,162	6,134	25,284,601

City of St. Johns

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE F: CAPITAL ASSETS - CONCLUDED**

PRIMARY GOVERNMENT - CONCLUDED

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Business-type activities - Concluded				
Less accumulated depreciation for:				
Water system	\$( 2,986,721 )	\$( 92,973 )	\$ -	\$( 3,079,694 )
Sewer system	( 6,822,413 )	( 386,026 )	-	( 7,208,439 )
Water and sewer equipment	( 770,889 )	( 27,750 )	( 6,134 )	( 792,505 )
Total accumulated depreciation	( 10,580,023 )	( 506,749 )	( 6,134 )	( 11,080,638 )
Total capital assets being depreciated, net	13,824,550	379,413	-0-	14,203,963
Business-type activities capital assets, net	\$ 13,916,120	\$ 379,413	\$ -0-	\$ 14,295,533

**NOTE G: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2006.

PRIMARY GOVERNMENT

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Governmental Activities					
1997 Building Authority Bonds	\$ 540,000	\$ -	\$ 30,000	\$ 510,000	\$ 35,000
1998 Michigan Transportation Bonds	260,000	-	30,000	230,000	30,000
1998 Building Authority Bonds	1,110,000	-	55,000	1,055,000	60,000
2001 Walker Road G.O. Bonds	170,000	-	25,000	145,000	25,000
2001 Walker Road Special Assessment Bonds	105,000	-	20,000	85,000	15,000
2003 Michigan Transportation Fund Bonds	480,000	-	-	480,000	10,000
2004 Capital Improvement Bonds	735,000	-	60,000	675,000	65,000
Accumulated vacation, sick leave, and longevity	245,383	118,562	53,518	310,427	103,476
Note payable - Fifth Third Bank, Land	150,000	-	28,000	122,000	29,000
Note payable - Citizens Bank, Depot	27,753	-	8,859	18,894	9,271
Note payable - Fifth Third Bank, Land	120,789	-	13,112	107,677	13,645
Note payable - Banc One, Land	485,107	-	52,082	433,025	53,300
Note payable - Citizens Bank, Front-loader	44,858	-	14,717	30,141	14,948
CDBG Loan - MEDC - 2002	349,265	-	34,075	315,190	34,075
Note Payable - Firstbank, Fire truck	-	112,000	4,378	107,622	9,487
Governmental activities long-term liabilities	4,823,155	230,562	428,741	4,624,976	507,202
Business-type Activities					
Water Supply and Sewage					
1997 System Revenue Bonds	485,000	-	110,000	375,000	120,000
1997A System Revenue Bonds	115,000	-	30,000	85,000	25,000
2003 Water and Sewer Refunding Bonds	4,695,000	-	185,000	4,510,000	190,000
2005 Water and Sewer Revenue Bonds	3,240,000	-	-	3,240,000	25,000
Add (less) deferred amounts:					
For issuance discounts/premiums (net)	31,025	-	1,320	29,705	-
Total bonds payable	8,566,025	-0-	326,320	8,239,705	360,000

City of St. Johns

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE G: LONG-TERM DEBT - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Business-type Activities - Concluded CDBG Loan - MEDC - 2002	\$ 152,705	\$ -	\$ 14,898	\$ 137,807	\$ 14,898
Business-type activities long-term liabilities	8,718,730	-0-	341,218	8,377,512	374,898
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 13,541,885</b>	<b>\$ 230,562</b>	<b>\$ 769,959</b>	<b>\$ 13,002,488</b>	<b>\$ 882,100</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities.

Significant details regarding outstanding long-term debt (including current portion) are presented below:

**PRIMARY GOVERNMENT**

**General Long-Term Debt Bonds (Payable from Debt Service Funds)**

\$750,000 1997 General Obligation Building Authority Bonds dated March 1, 1997, due in annual installments ranging from \$35,000 to \$60,000 through October 1, 2016, with interest ranging from 5.10 to 5.50 percent, payable semi-annually.	\$ 510,000
\$430,000 1998 Michigan Transportation Fund Bonds dated May 1, 1998, due in semi-annual installments ranging from \$30,000 to \$35,000 through August 1, 2012, with interest at 4.80 percent, payable semi-annually.	230,000
\$1,400,000 1998 Building Authority Bonds dated November 1, 1998, due in annual installments ranging from \$60,000 to \$110,000 through October 1, 2018, with interest at 4.375 percent, payable semi-annually.	1,055,000
\$250,000 2001 Walker Road Bonds dated September 1, 2001, due in annual installments ranging from \$25,000 to \$35,000 through March 1, 2011, with interest of 4.0 percent, payable semi-annually.	145,000
\$165,000 2001 Walker Road Special Assessment Bonds dated September 1, 2001, due in annual installments ranging from \$15,000 to \$20,000 through March 1, 2011, with interest of 4.0 percent, payable semi-annually.	85,000
\$480,000 2003 Michigan Transportation Fund Bonds dated December 1, 2003, due in annual installments ranging from \$10,000 to \$70,000 through August 1, 2018, with interest ranging from 3.125 to 4.200 percent, payable semi-annually.	480,000
\$735,000 2004 Capital Improvement Bonds dated October 1, 2004, due in annual installments ranging from \$65,000 to \$90,000 through March 1, 2015, with interest ranging from 2.50 to 4.10 percent, payable semi-annually.	675,000
	<b><u>\$ 3,180,000</u></b>

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE G: LONG-TERM DEBT - CONTINUED****PRIMARY GOVERNMENT - CONTINUED**General Long-Term Debt Bonds (Payable from Debt Service Funds) - Concluded

The 2001 Walker Road Special Assessment Bonds were issued to provide funds to finance improvements made to Walker Road. These bonds will be repaid from amounts levied against the property owners benefited by these improvements. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received.

Water Supply and Sewage Disposal System Bonds

Water Supply and Sewage Disposal System Revenue Bonds dated March 1, 1997, due in annual installments ranging from \$120,000 to \$130,000 through October 1, 2008, with interest ranging from 5.00 to 5.10 percent, payable semi-annually.	\$ 375,000
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Water Supply and Sewage Disposal System Revenue Bonds dated May 1, 1997, due in annual installments ranging from \$25,000 to \$30,000 through October 1, 2008, with interest ranging from 5.00 to 5.60 percent, payable semi-annually.	85,000
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Water Supply and Sewage Disposal System Revenue Refunding Bonds dated May 24, 2005, due in annual installments ranging from \$25,000 to \$575,000 through October 1, 2017, with interest ranging from 3.00 to 5.00 percent, payable semi-annually.	3,240,000
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Water Supply and Sewage Disposal System Revenue Refunding Bonds dated July 1, 2003, due in annual installments ranging from \$5,000 to \$300,000 through October 1, 2027, with interest ranging from 2.00 to 4.40 percent, payable semi-annually.	<u>4,510,000</u>
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	<u>\$ 8,210,000</u>
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General Long-Term Debt Note and Loan Payable Agreements (Payable from General Fund)

1995 Note due in annual installments of \$37,328 through October 1, 2009, for land (116.58 acres) costing \$349,740.	\$ 122,000
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1998 Note due in annual installments of \$5,002 through February 15, 2008, for purchase of the Depot.	18,894
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2003 Note due in monthly installments of \$1,439 through June 20, 2013, to refinance a note for land costing \$191,000.	107,677
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2003 Note due in annual installments ranging from \$27,779 to \$53,300 through July 1, 2019, for land costing \$536,000.	<u>433,025</u>
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	<u>\$ 681,596</u>
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Internal Service Fund Note Payable Agreement

2003 Note due in annual installments of \$15,872 through May 1, 2008, for a Front End Loader costing \$72,414.	\$ 30,141
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2006 Note due in semi-annual installments of \$6,850 through October 1, 2015, for a Fire Truck costing 212,195	<u>107,622</u>
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	<u>\$ 137,763</u>
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## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE G: LONG-TERM DEBT - CONTINUED****PRIMARY GOVERNMENT - CONTINUED****CDBG Loans - Michigan Economic Development Corporation (MEDC)**

On August 23, 2002, the City received a loan award of \$1,100,000 from the Michigan Economic Development Corporation for the expansion of the industrial park. These funds were derived from the Federal Community Development Block Grant (CDBG) program. The City received a credit of \$10,000 for each qualifying net new job in excess of 115 jobs created as a result of this expansion up to 50% of the loan amount, plus accrued interest. Quarterly principal payments of \$12,243 are due through August 1, 2015.

Since the expansion related to both streets and utilities infrastructure, the loan proceeds were recorded in both the Capital Project Fund and Water and Sewer (Enterprise) Fund.

The outstanding balance as of June 30, 2006, is as follows:

Industrial Park #1	\$ 315,190
Water and Sewer Fund	<u>137,807</u>
	<u>\$ 452,997</u>

**Accrued Vacation, Sick Leave and Longevity**

Individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave, and also receive an annual longevity payment. The dollar amounts of these vested rights have been recorded in the government-wide financial statements. They amount to approximately \$310,427 at June 30, 2006. For governmental activities, accrued vacation, sick leave, and longevity are generally liquidated by the General Fund.

The annual requirements to pay the debt principal and interest outstanding for the following Bonds, Notes, and Land Contract are as follows:

**Primary Government**

Year Ending June 30,	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Loans, Notes and Land Contract Agreements</u>		<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 225,000	\$ 128,843	\$ 360,000	\$ 317,905	\$ 178,624	\$ 37,121	\$ 15,000	\$ 3,400
2008	235,000	119,960	380,000	305,342	155,778	31,697	20,000	2,800
2009	250,000	110,441	390,000	291,550	133,322	26,301	15,000	2,000
2010	260,000	100,059	400,000	278,080	135,934	21,804	20,000	1,400
2011	275,000	89,120	415,000	264,751	105,597	17,181	15,000	600
2012 - 2016	1,280,000	270,588	2,350,000	1,068,517	458,285	50,559	-	-
2017 - 2021	570,000	35,296	1,965,000	575,982	105,016	7,439	-	-
2022 - 2026	-	-	1,350,000	281,638	-	-	-	-
2027 - 2031	-	-	600,000	26,400	-	-	-	-
	<u>\$ 3,095,000</u>	<u>\$ 854,307</u>	<u>\$ 8,210,000</u>	<u>\$ 3,410,164</u>	<u>\$ 1,272,356</u>	<u>\$ 192,102</u>	<u>\$ 85,000</u>	<u>\$ 10,200</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE G: LONG-TERM DEBT - CONCLUDED**

**PRIMARY GOVERNMENT - CONCLUDED**

**Advance Refunding - Prior**

On May 24, 2005, the City defeased a portion of the 1997 Water Supply and Sewage Disposal System Revenue Refunding Bonds which were due and payable October 1, 1997 through October 1, 2016, and a portion of the 1997A Water Supply and Sewage Disposal System Revenue Bonds, which were due and payable October 1, 1997 through October 1, 2016. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The City issued 2005 Water Supply and Sewage Disposal System Revenue and Revenue Refunding Bonds in the amount of \$3,240,000. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2006, bonds due and payable October 1, 2009 through October 1, 2016 for the 1991 Water Supply and Sewage Disposal System Revenue Refunding Bonds in the amount of \$1,375,000 and bonds due and payable October 1, 2009 through October 1, 2016 for the 1997A Water Supply and Sewage Disposal System Revenue Bonds in the amount of \$1,685,000 are considered defeased.

On July 31, 2003, the City defeased a portion of the 1991 Water Supply and Sewage Disposal System Revenue Refunding Bonds which were due and payable May 1, 1991 through October 1, 2006, and a portion of the 1993 Water Supply and Sewage Disposal System Revenue Bonds, which were due and payable October 1, 1993 through October 1, 2013. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The City issued 2003 Water Supply and Sewage Disposal System Revenue and Revenue Refunding Bonds in the amount of \$4,875,000. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2006, bonds due and payable October 1, 2006 for the 1991 Water Supply and Sewage Disposal System Revenue Refunding Bonds in the amount of \$100,000 and bonds due and payable October 1, 2006 through October 1, 2013 for the 1993 Water Supply and Sewage Disposal System Revenue Bonds in the amount of \$1,595,000 are considered defeased.

**NOTE H: RETIREMENT PLAN**

**Plan Description**

The City participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

**Funding Policy**

The obligation to contribute to and maintain the system for these employees was established by the City Commission and by negotiation with the City's collective bargaining units. The plan requires no contribution from the employees. The City is required to provide amounts necessary to fund the system.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE H: RETIREMENT PLAN - CONCLUDED**Annual Pension Cost

For year ended June 30, 2006 the City's annual pension cost of \$308,449 for the plan was equal to the City's required and actual contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry actual age cost method. Actual contributions were based on actual reported monthly pays. Significant actuarial assumptions used include (a) an 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) additional salary increases ranging from 0% to 8.40% per year depending on age, seniority, and merit, and (d) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The general division of the plan is closed to new hires; the police and fire division of the plan is open to new hires. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of thirty (30) years.

Three (3) year trend information

	Year Ended December 31,		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Actuarial value of assets	\$ 8,123,878	\$ 8,458,569	\$ 8,676,963
Actuarial accrued liability (AAL) (entry age)	11,134,781	11,933,834	12,634,727
Unfunded AAL	3,010,903	3,475,265	3,957,764
Funded ratio	73 %	71 %	69 %
Covered payroll	1,743,965	1,704,339	1,654,939
UAAL as a percentage of covered payroll	173 %	204 %	239 %

	Year Ended June 30,		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Annual pension cost	\$ 309,114	\$ 328,744	\$ 308,449
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

**NOTE I: COMMITMENTS**

In December 1998, the City entered into a construction agreement with Clinton County to construct a new Courthouse. At the same time, the Building Authority entered into a ground lease with Clinton County that provides the City administrative office space for a term of ninety-nine (99) years, at a rate of \$1 per year.

The terms of the construction agreement dictate that the City shall pay 9.2% of the cost of improvements incurred by the County. The terms of the ground lease dictate that the County or City may terminate the lease on or after the December 31 occurring not earlier than ten (10) years following occupancy ("termination date"). For ten (10) years following the termination date, the County or City may terminate the lease subject to varying percentage payments reimbursing the City for their pro rata share of the cost of improvements. After the tenth year following the termination date, either party may terminate the lease subject to 100% reimbursement of the City's pro rata share of the cost of improvements.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE J: FUND EQUITY RESERVES AND DESIGNATIONS**

Reserved fund balances are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use.

The following are the various fund balance reserves as of June 30, 2006:

Fund Balance

Primary Government	
General Fund	
Reserved for prepaids	\$ <u>63,146</u>
Garbage Fund	
Reserved for prepaids	\$ <u>166</u>
Capital Improvement Fund	
Reserved for prepaids	\$ <u>1</u>
Nonmajor governmental funds	
Reserved for prepaids	\$ 1,859
Reserved for debt service	<u>185,474</u>
	\$ <u>187,333</u>

The following are the various fund balance designations as of June 30, 2006:

Primary Government	
General Fund	
Designated for debt service	\$ <u>305,000</u>
Capital Improvement Fund	
Designated for capital projects	\$ <u>155,559</u>
Nonmajor governmental funds	
Designated for debt service	\$ 504,621
Designated for capital projects	<u>406,812</u>
	\$ <u>911,433</u>

**NOTE K: RISK MANAGEMENT**

The City carries commercial insurance for the risk of loss due to workers' compensation claims.

The City also participates in a State pool, the Michigan Municipal League, with other municipalities for property, liability, bonding, and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The pool is responsible to pay all claims that are within insured limits. The City has no responsibility for additional assessments based on the claims as filed against the pool nor do they have any right to dividends.

The City has not had any insurance settlements that exceeded insurance coverage during the past three (3) years.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE L: BUILDING AND ZONING FINANCIAL INFORMATION**

The City elected to report the financial activities of the building and zoning department in the General Fund. The following is the State required information as it relates to this department activity for the period July 1, 2005 to June 30, 2006:

REVENUES	
Building permits	\$ 50,972
EXPENDITURES	
Contracted services	<u>40,176</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 10,796</u>

**NOTE M: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local government unit not incur expenditures in excess of amounts appropriated.

In the body of the required and other supplementary information to the financial statements, the City's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the City have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Funds.

During the year ended June 30, 2006, the City incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Municipal Building	\$ 80,000	\$ 80,800	\$ 800
Housing administration	3,000	12,233	9,233
Debt service			
Principal	35,864	136,128	100,264
Interest	-	37,341	37,341
Transfers out	140,944	147,426	6,482

**NOTE N: RESTRICTED NET ASSETS**

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of June 30, 2006:

**PRIMARY GOVERNMENT**

## Governmental activities

## Restricted for:

Debt service	\$ 129,303
Capital projects	550,959
Drug law enforcement	1,858
Streets	<u>629,775</u>

Total governmental activities	<u>\$ 1,311,895</u>
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NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**NOTE N: RESTRICTED NET ASSETS - CONCLUDED**

PRIMARY GOVERNMENT - CONCLUDED

Business-type activities

Restricted for:

Debt service

\$ 962,533

**NOTE O: SUBSEQUENT EVENT**

After the year ended June 30, 2006, the following significant event occurred:

Subsequent to year end the City accepted an offer to purchase the old municipal building for \$100,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## City of St. Johns

## General Fund

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

Year Ended June 30, 2006  
With Actual Amounts for Year Ended June 30, 2005

	Original Budget	Final Amended Budget	2006 Actual	Variance with Final Budget Positive (Negative)	2005 Actual
<b>REVENUES</b>					
Taxes					
General property tax	\$ 1,770,705	\$ 1,770,705	\$ 1,766,831	\$ (3,874)	\$ 1,682,493
Act 359 tax	50,000	50,000	48,790	(1,210)	48,756
Property taxes on other than assessed valuation	3,500	3,500	4,879	1,379	4,796
Penalties and interest	7,000	7,000	11,781	4,781	9,732
Administrative fees	81,000	81,000	86,349	5,349	81,466
Total taxes	1,912,205	1,912,205	1,918,630	6,425	1,827,243
Licenses and permits					
Parking permits	3,000	3,000	3,745	745	4,418
Building permits	65,000	65,000	50,972	(14,028)	65,167
Franchise fees	50,000	50,000	49,025	(975)	-
City licenses and permits	600	600	1,164	564	1,100
Total licenses and permits	118,600	118,600	104,906	(13,694)	70,685
Intergovernmental					
State shared revenue					
Sales tax	760,276	760,276	747,033	(13,243)	753,763
Liquor licenses	4,000	4,000	4,394	394	4,304
Metro act	20,000	20,000	23,123	3,123	24,550
Local	32,400	75,700	200,527	124,827	158,466
Other Federal grants	224,000	224,000	198,860	(25,140)	27,303
Total intergovernmental	1,040,676	1,083,976	1,173,937	89,961	968,386
Charges for services					
Filing fees	10,000	10,000	-	(10,000)	170
Fire protection	6,000	6,000	8,050	2,050	9,700
Water and sewage administration	288,000	288,000	288,000	-0-	258,000
Mobile equipment administration	48,145	48,145	48,145	-0-	34,145
Library administration and maintenance	20,000	20,000	20,000	-0-	10,300
Garbage administration	72,500	72,500	72,500	-0-	57,500
LDFA administration	7,500	7,500	7,500	-0-	5,000
Recreation	77,000	77,000	78,979	1,979	61,815
Total charges for services	529,145	529,145	523,174	(5,971)	436,630
Fines and forfeits					
Parking fines	3,000	3,000	5,994	2,994	7,432
District court	30,000	30,000	40,923	10,923	42,258
Total fines and forfeits	33,000	33,000	46,917	13,917	49,690
Interest and rents					
Interest	12,000	50,000	54,151	4,151	22,539
Rents	21,950	21,950	19,439	(2,511)	25,155
Total interest and rents	33,950	71,950	73,590	1,640	47,694

## City of St. Johns

## General Fund

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUEDYear Ended June 30, 2006  
With Actual Amounts for Year Ended June 30, 2005

	Original Budget	Final Amended Budget	2006 Actual	Variance with Final Budget Positive (Negative)	2005 Actual
<b>REVENUES - CONCLUDED</b>					
Other revenue					
Donations	\$ -	\$ 15,000	\$ 14,500	\$ (500)	\$ -
Other reimbursements	112,212	124,712	105,070	(19,642)	160,866
Sale of capital assets	-	685,211	685,211	-0-	316,842
Miscellaneous	12,200	44,800	46,593	1,793	18,420
Total other	124,412	869,723	851,374	(18,349)	496,128
<b>TOTAL REVENUES</b>	<b>3,791,988</b>	<b>4,618,599</b>	<b>4,692,528</b>	<b>73,929</b>	<b>3,896,456</b>
<b>EXPENDITURES</b>					
General government					
Legislative	284,209	352,209	319,494	32,715	271,815
Administration	938,018	958,018	953,049	4,969	935,481
Municipal building	80,000	80,000	80,800	(800)	78,745
Cemetery	5,000	5,000	5,000	-0-	5,000
Other	19,360	19,360	19,360	-0-	19,360
Total general government	1,326,587	1,414,587	1,377,703	36,884	1,310,401
Public safety					
Police department	1,099,086	1,099,086	1,013,823	85,263	1,038,771
Fire department	270,694	324,094	313,607	10,487	250,432
Total public safety	1,369,780	1,423,180	1,327,430	95,750	1,289,203
Public works					
Department of public works	371,206	371,206	289,587	81,619	255,887
Community and economic development					
Housing administration	3,000	3,000	12,233	(9,233)	-
Rental rehabilitation	185,000	185,000	157,286	27,714	-
Total community and economic development	188,000	188,000	169,519	18,481	-0-
Recreation and cultural					
Recreation department	137,168	137,168	132,148	5,020	116,033
City parks	136,639	174,639	138,331	36,308	124,734
Total recreation and cultural	273,807	311,807	270,479	41,328	240,767
Debt service					
Principal	35,864	35,864	136,128	(100,264)	99,177
Interest	-	-	37,341	(37,341)	42,390
Total debt service	35,864	35,864	173,469	(137,605)	141,567
Capital outlay	85,000	685,072	682,917	2,155	37,239
<b>TOTAL EXPENDITURES</b>	<b>3,650,244</b>	<b>4,429,716</b>	<b>4,291,104</b>	<b>138,612</b>	<b>3,275,064</b>

## City of St. Johns

## General Fund

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2006  
With Actual Amounts for Year Ended June 30, 2005

	Original Budget	Final Amended Budget	2006 Actual	Variance with Final Budget Positive (Negative)	2005 Actual
EXCESS OF REVENUES OVER EXPENDITURES	\$ 141,744	\$ 188,883	\$ 401,424	\$ 212,541	\$ 621,392
OTHER FINANCING USES					
Transfers out	(140,944)	(140,944)	(147,426)	(6,482)	(115,598)
NET CHANGE IN FUND BALANCE	800	47,939	253,998	206,059	505,794
Fund balance, beginning of year	866,733	866,733	866,733	-0-	360,939
Fund balance, end of year	<u>\$ 867,533</u>	<u>\$ 914,672</u>	<u>\$ 1,120,731</u>	<u>\$ 206,059</u>	<u>\$ 866,733</u>

## City of St. Johns

## Garbage Fund

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

Year Ended June 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property tax levy	\$ 97,716	\$ 97,716	\$ 97,390	\$ (326)
Charges for services	474,760	474,760	483,052	8,292
Interest	2,200	2,200	12,111	9,911
Miscellaneous	97,000	97,000	4,372	(92,628)
TOTAL REVENUES	671,676	671,676	596,925	(74,751)
EXPENDITURES				
Public works	670,897	670,897	659,244	11,653
NET CHANGE IN FUND BALANCE	779	779	(62,319)	(63,098)
Fund balance, beginning of year	270,304	270,304	270,304	-0-
Fund balance, end of year	<u>\$ 271,083</u>	<u>\$ 271,083</u>	<u>\$ 207,985</u>	<u>\$ (63,098)</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**Nonmajor Governmental Funds  
Fund Descriptions**

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to record the expenditures associated with specific revenues that are legally restricted for specific purposes.

Major Street - The Major Street fund accounts for revenues received from the State of Michigan for the City's share of State gasoline and weight taxes, which is used for maintenance of major streets.

Local Street - The Local Street Fund accounts for revenues received from the State of Michigan for the City's share of State gasoline and weight taxes, which is used for maintenance of local streets.

Library - This fund accounts for all revenues received by the City for the operation and maintenance of the public library. Financing is provided primarily by an annual property tax levy, penal fines distributed by the county, and through donations.

Drug Law Enforcement - This fund accounts for all revenues received by the City for drug forfeiture activities, which finance the City drug law enforcement program activities and related public safety activities.

**DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the accumulation of resources and payment general obligation bond principal and interest from governmental resources.

1991 Michigan Transportation Fund Bonds - This fund accounts for the payment of the 1991 Michigan Transportation Fund Bonds related to local streets.

1997 Library Building Authority Fund Bonds - This fund is used to account for payment of principal and interest of bonds related to the Library Facility. Funding is set aside from the Library Fund's operating revenue and designated in the Library Fund fund balance.

1998 Michigan Transportation Fund Bonds - This fund accounts for the payment of the 1998 Michigan Transportation Fund Bonds related to major and local streets.

1998 Courthouse Building Authority Fund Bonds - This fund is used to account for payment of principal and interest of bonds related to the Courthouse project. Funding is set aside from the General Fund's operating revenue.

2001 Walker Road General Obligation Bonds - This fund is used to account for payment of principal and interest of bonds related to the Walker Road project. Funding is set aside from the General Fund's operating revenue.

2001 Walker Road Special Assessment - This fund is used to account for payment of principal and interest of special assessment debt related to the Walker Road project.

2003 Michigan Transportation Fund Bonds - This fund accounts for the payment of the 2003 Michigan Transportation Fund Bonds related to major streets.

Capital Improvement Bonds - This fund is used to account for the payment of principal and interest of bonds related to the Capital Improvement Fund.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by proprietary funds. Capital projects are funded primarily by general obligation bonds.

Fantasy Forest - This fund accounts for funds received and expended for the construction of a city owned playground structure.

Michigan Transportation Project - This fund accounts for funds received and expended for the construction related to major streets.

## City of St. Johns

## Nonmajor Governmental Funds

## COMBINING BALANCE SHEET

June 30, 2006

	Special Revenue Funds			
	Major Street	Local Street	Library	Drug Law Enforcement
<b>ASSETS</b>				
Cash and cash equivalents	\$ 402,771	\$ 157,314	\$ 608,699	\$ 1,858
Accounts receivable	-	-	5,375	-
Special assessment receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	57,848	24,102	130,489	-
Prepays	345	253	1,261	-
<b>TOTAL ASSETS</b>	<b>\$ 460,964</b>	<b>\$ 181,669</b>	<b>\$ 745,824</b>	<b>\$ 1,858</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,091	\$ 7,276	\$ 6,629	\$ -
Salaries payable	2,030	2,150	7,370	-
Accrued liabilities	151	160	562	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>3,272</b>	<b>9,586</b>	<b>14,561</b>	<b>-0-</b>
<b>FUND BALANCES</b>				
Reserved for				
Prepays	345	253	1,261	-
Debt service	-	-	-	-
Unreserved				
Designated for debt service	-	-	504,621	-
Designated for capital projects	-	-	-	-
Undesignated, reported in				
Special revenue funds	457,347	171,830	225,381	1,858
<b>TOTAL FUND BALANCES</b>	<b>457,692</b>	<b>172,083</b>	<b>731,263</b>	<b>1,858</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 460,964</b>	<b>\$ 181,669</b>	<b>\$ 745,824</b>	<b>\$ 1,858</b>

Debt Service Funds					
1991 Michigan Transportation Fund Bonds	1997 Library Bldg. Authority Fund Bonds	1998 Michigan Transportation Fund Bonds	1998 Courthouse Bldg. Authority Fund Bonds	2001 Walker Road GO Bonds	2001 Walker Road Special Assessment Bonds
\$ 161	\$ 124,326	\$ 684	\$ 6,241	\$ 43,808	\$ 10,152
-	-	-	-	-	-
-	-	-	-	-	78,914
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 161</u>	<u>\$ 124,326</u>	<u>\$ 684</u>	<u>\$ 6,241</u>	<u>\$ 43,808</u>	<u>\$ 89,066</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	78,914
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>78,914</u>
-	-	-	-	-	-
161	124,326	684	6,241	43,808	10,152
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>161</u>	<u>124,326</u>	<u>684</u>	<u>6,241</u>	<u>43,808</u>	<u>10,152</u>
<u>\$ 161</u>	<u>\$ 124,326</u>	<u>\$ 684</u>	<u>\$ 6,241</u>	<u>\$ 43,808</u>	<u>\$ 89,066</u>

City of St. Johns

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONCLUDED

June 30, 2006

	Debt Service Funds - Concluded		Capital Project Funds	
	2003 Michigan Transportation Fund Bonds	Capital Improvement Bonds	Fantasy Forest	Michigan Transportation Project
ASSETS				
Cash and cash equivalents	\$ 352	\$ -	\$ 11,412	\$ 313,700
Accounts receivable	-	-	-	-
Special assessment receivable	-	361,567	-	-
Due from other funds	-	-	-	81,700
Due from other governmental units	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	<u>\$ 352</u>	<u>\$ 361,567</u>	<u>\$ 11,412</u>	<u>\$ 395,400</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 250	\$ -	\$ -	\$ -
Salaries payable	-	-	-	-
Accrued liabilities	-	-	-	-
Deferred revenue	-	361,567	-	-
TOTAL LIABILITIES	250	361,567	-0-	-0-
FUND BALANCES				
Reserved for				
Prepays	-	-	-	-
Debt service	102	-	-	-
Unreserved				
Designated for debt service	-	-	-	-
Designated for capital projects	-	-	11,412	395,400
Undesignated, reported in				
Special revenue funds	-	-	-	-
TOTAL FUND BALANCES	<u>102</u>	<u>-0-</u>	<u>11,412</u>	<u>395,400</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 352</u>	<u>\$ 361,567</u>	<u>\$ 11,412</u>	<u>\$ 395,400</u>

Total  
Nonmajor  
Governmental  
Funds

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\$ 1,681,478  
5,375  
440,481  
81,700  
212,439  
1,859

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\$ 2,423,332

\$ 15,246  
11,550  
873  
440,481

---

468,150

1,859  
185,474

504,621  
406,812

856,416

---

1,955,182

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\$ 2,423,332

## City of St. Johns

## Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended June 30, 2006

	Special Revenue Funds			
	Major Street	Local Street	Library	Drug Law Enforcement
REVENUES				
Property taxes	\$ -	\$ -	\$ 194,793	\$ -
Intergovernmental				
State	350,342	145,965	13,139	-
Local	-	-	47,010	-
Charges for services	-	-	15,365	-
Fines and forfeits	-	-	123,895	-
Interest and rents	11,350	3,854	23,100	303
Other	7,418	1,990	14,085	4,003
TOTAL REVENUES	369,110	151,809	431,387	4,306
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	19,234
Public works	184,580	162,895	-	-
Recreation and cultural	-	-	378,913	-
Capital outlay	-	-	18,943	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	184,580	162,895	397,856	19,234
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	184,530	(11,086)	33,531	(14,928)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	49,000	-	-
Transfers out	(109,408)	-	(58,073)	-
TOTAL OTHER FINANCING SOURCES (USES)	(109,408)	49,000	(58,073)	-0-
NET CHANGE IN FUND BALANCES	75,122	37,914	(24,542)	(14,928)
Fund balances, beginning of year	382,570	134,169	755,805	16,786
Fund balances, end of year	\$ 457,692	\$ 172,083	\$ 731,263	\$ 1,858

Debt Service Funds					
1991 Michigan Transportation Fund Bonds	1997 Library Bldg. Authority Fund Bonds	1998 Michigan Transportation Fund Bonds	1998 Courthouse Bldg. Authority Fund Bonds	2001 Walker Road GO Bonds	2001 Walker Road Special Assessment Bonds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4	3,351	7	111	1,938	5,320
-	22	-	-	-	15,783
4	3,373	7	111	1,938	21,103
-	-	132	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	30,000	30,000	55,000	25,000	20,000
-	28,470	11,760	47,659	7,050	4,450
-0-	58,470	41,892	102,659	32,050	24,450
4	(55,097)	(41,885)	(102,548)	(30,112)	(3,347)
-	58,073	42,060	102,659	-	-
-	-	-	-	-	-
-0-	58,073	42,060	102,659	-0-	-0-
4	2,976	175	111	(30,112)	(3,347)
157	121,350	509	6,130	73,920	13,499
\$ 161	\$ 124,326	\$ 684	\$ 6,241	\$ 43,808	\$ 10,152

## City of St. Johns

## Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONCLUDED

Year Ended June 30, 2006

	Debt Service Funds - Concluded		Capital Project Funds	
	2003			
	Michigan	Capital	Fantasy	Michigan
	Transportation	Improvement	Forest	Transportation
	Fund	Bonds		Project
	Bonds			
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental				
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and rents	-	-	182	6,692
Other	-	40,174	-	-
TOTAL REVENUES	-0-	40,174	182	6,692
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	100	70,475
Debt service				
Principal retirement	-	60,000	-	-
Interest and fiscal charges	18,348	24,941	-	-
TOTAL EXPENDITURES	18,348	84,941	100	70,475
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,348)	(44,767)	82	(63,783)
OTHER FINANCING SOURCES (USES)				
Transfers in	18,348	44,767	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	18,348	44,767	-0-	-0-
NET CHANGE IN FUND BALANCES	-0-	-0-	82	(63,783)
Fund balances, beginning of year	102	-	11,330	459,183
Fund balances, end of year	\$ 102	\$ -0-	\$ 11,412	\$ 395,400

Total Nonmajor Governmental Funds	
\$ 194,793	
509,446	
47,010	
15,365	
123,895	
56,212	
83,475	
1,030,196	
132	
19,234	
347,475	
378,913	
89,518	
220,000	
142,678	
1,197,950	
(167,754)	
314,907	
(167,481)	
147,426	
(20,328)	
1,975,510	
\$ 1,955,182	

City of St. Johns

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

Year Ended June 30, 2006

Major Street Fund

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental				
State gas and weight tax	\$ 356,229	\$ 356,229	\$ 350,342	\$ (5,887)
Interest	1,000	1,000	11,350	10,350
Other	-	-	7,418	7,418
TOTAL REVENUES	357,229	357,229	369,110	11,881
EXPENDITURES				
Public works				
Highway and streets				
Administrative	32,611	32,611	29,807	2,804
Street maintenance	143,250	143,250	104,671	38,579
Traffic service maintenance	18,677	18,677	13,365	5,312
Winter maintenance	39,405	39,405	36,737	2,668
TOTAL EXPENDITURES	233,943	233,943	184,580	49,363
EXCESS OF REVENUES OVER EXPENDITURES	123,286	123,286	184,530	61,244
OTHER FINANCING USES				
Transfers out	(109,408)	(109,408)	(109,408)	-0-
NET CHANGE IN FUND BALANCE	13,878	13,878	75,122	61,244
Fund balance, beginning of year	382,570	382,570	382,570	-0-
Fund balance, end of year	\$ 396,448	\$ 396,448	\$ 457,692	\$ 61,244

City of St. Johns

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2006

Local Street Fund

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental				
State gas and weight tax	\$ 153,248	\$ 153,248	\$ 145,965	\$ (7,283)
Interest	300	300	3,854	3,554
Other	-	-	1,990	1,990
TOTAL REVENUES	153,548	153,548	151,809	(1,739)
EXPENDITURES				
Public works				
Highway and streets				
Administrative	40,993	40,993	21,274	19,719
Street maintenance	129,977	129,977	110,162	19,815
Traffic service maintenance	6,548	6,548	3,712	2,836
Winter maintenance	23,602	23,602	27,747	(4,145)
TOTAL EXPENDITURES	201,120	201,120	162,895	38,225
EXCESS OF REVENUES (UNDER) EXPENDITURES	(47,572)	(47,572)	(11,086)	36,486
OTHER FINANCING SOURCES				
Transfers in	49,000	49,000	49,000	-0-
NET CHANGE IN FUND BALANCE	1,428	1,428	37,914	36,486
Fund balance, beginning of year	134,169	134,169	134,169	-0-
Fund balance, end of year	\$ 135,597	\$ 135,597	\$ 172,083	\$ 36,486

City of St. Johns

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2006

Library Fund

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property tax levy	\$ 195,200	\$ 195,200	\$ 194,793	\$ (407)
Intergovernmental				
State aid to libraries	15,800	15,800	13,139	(2,661)
Township contributions	46,000	46,000	47,010	1,010
Charges for services				
Photostat services	1,600	1,600	1,730	130
Rentals and fees	13,000	13,000	13,635	635
Penal fines	130,000	130,000	123,895	(6,105)
Interest	5,000	5,000	23,100	18,100
Other				
Donations	12,800	12,800	13,667	867
Miscellaneous	480	480	418	(62)
TOTAL REVENUES	419,880	419,880	431,387	11,507
EXPENDITURES				
Recreation and cultural				
Library operations	399,330	399,330	378,913	20,417
Capital outlay	11,050	11,050	18,943	(7,893)
TOTAL EXPENDITURES	410,380	410,380	397,856	12,524
EXCESS OF REVENUES OVER EXPENDITURES	9,500	9,500	33,531	24,031
OTHER FINANCING USES				
Transfers out	(58,170)	(58,170)	(58,073)	97
NET CHANGE IN FUND BALANCE	(48,670)	(48,670)	(24,542)	24,128
Fund balance, beginning of year	755,805	755,805	755,805	-0-
Fund balance, end of year	<u>\$ 707,135</u>	<u>\$ 707,135</u>	<u>\$ 731,263</u>	<u>\$ 24,128</u>

City of St. Johns

Nonmajor Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONCLUDED

Year Ended June 30, 2006

Drug Law Enforcement

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest	\$ -	\$ 300	\$ 303	\$ 3
Other	-	4,000	4,003	3
TOTAL REVENUES	-0-	4,300	4,306	6
EXPENDITURES				
Public safety				
Police operations	-	19,235	19,234	1
NET CHANGE IN FUND BALANCE	-0-	(14,935)	(14,928)	7
Fund balance, beginning of year	16,786	16,786	16,786	-0-
Fund balance, end of year	<u>\$ 16,786</u>	<u>\$ 1,851</u>	<u>\$ 1,858</u>	<u>\$ 7</u>

**Fiduciary Fund  
Fund Description**

Fiduciary Funds account for assets held by the City in a trustee or agency capacity for individuals, private organization, other governmental units and/or other funds.

Current Tax Collections - This fund accounts for current tax collections. All current tax monies collected by the City are receipted into this fund and later distributed to other funds or other governmental units.

## City of St. Johns

## Fiduciary Fund

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended June 30, 2006

Current Tax Collections

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3	\$ 8,415,512	\$ 8,415,347	\$ 168
Due from other governmental units				
Clinton County (SET)	-	1,147,303	1,147,301	2
<b>TOTAL ASSETS</b>	<u>\$ 3</u>	<u>\$ 9,562,815</u>	<u>\$ 9,562,648</u>	<u>\$ 170</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 5,494,640	\$ 5,494,640	\$ -0-
Due to other funds				
General Fund	-	2,104,817	2,104,817	-0-
Garbage Fund	-	400,321	400,321	-0-
Library Fund	-	189,158	189,158	-0-
Capital Improvement Debt Service	-	37,263	37,263	-0-
Due to other governmental units				
Principal Shopping District	-	25,217	25,217	-0-
St. Johns Public Schools	-	2,760,641	2,760,641	-0-
Clinton County Regional Educational				
Service Agency	-	704,230	704,230	-0-
Clinton Area Transit System	-	29,022	29,022	-0-
Clinton County	-	1,076,073	1,075,908	165
Due to others	3	12,429	12,427	5
<b>TOTAL LIABILITIES</b>	<u>\$ 3</u>	<u>\$ 12,833,811</u>	<u>\$ 12,833,644</u>	<u>\$ 170</u>

City of St. Johns

Component Unit Funds

COMBINING BALANCE SHEET

June 30, 2006

	Principal Shopping District	Local Development Finance Authority	Total Component Units
ASSETS			
Current			
Cash and cash equivalents	<u>\$ 7,440</u>	<u>\$ 53,273</u>	<u>\$ 60,713</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 52	\$ -	\$ 52
FUND BALANCES			
Unreserved, undesignated	<u>7,388</u>	<u>53,273</u>	<u>60,661</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,440</u>	<u>\$ 53,273</u>	<u>\$ 60,713</u>

Note: Reconciliations of the component unit governmental funds balance sheet to the statement of net assets for the component units are not required as the component units' fund balances were equal to the component units' net assets as of June 30, 2006.

City of St. Johns

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended June 30, 2006

	Principal Shopping District	Local Development Finance Authority	Total Component Units
REVENUES			
Taxes	\$ -	\$ 160,418	\$ 160,418
Intergovernmental	9,573	-	9,573
Interest and rents	470	1,962	2,432
Other revenue	29,307	-	29,307
TOTAL REVENUES	39,350	162,380	201,730
EXPENDITURES			
Community and economic development	40,393	194,865	235,258
NET CHANGE IN FUND BALANCES	(1,043)	(32,485)	(33,528)
Fund balances, beginning of year	8,431	85,758	94,189
Fund balances, end of year	<u>\$ 7,388</u>	<u>\$ 53,273</u>	<u>\$ 60,661</u>

Note: Reconciliations of the statement of revenues, expenditures, and changes in fund balances of the component units governmental funds to the statement of activities for the component units are not required as the net change in fund balances of the component unit governmental funds was equal to the change in net assets of the component units for the year ended June 30, 2006.

City of St. Johns

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULE BY SOURCE<sup>(1)</sup>

June 30, 2006 and 2005

	2006	2005
Governmental funds capital assets:		
Land	\$ 1,006,450	\$ 1,023,740
Construction in progress	35,716	103,175
Land improvements	1,045,651	1,010,949
Buildings and improvements	2,887,486	2,850,486
Furniture and other assets	833,959	771,990
Drain flowage rights	30,623	30,623
Infrastructure	7,277,210	6,102,261
Total governmental funds capital assets	<u>\$ 13,117,095</u>	<u>\$ 11,893,224</u>
Investment in governmental fund capital assets by source:		
General Fund	\$ 4,412,420	\$ 4,347,559
Special Revenue Funds	8,704,675	7,545,665
Total governmental funds capital assets	<u>\$ 13,117,095</u>	<u>\$ 11,893,224</u>

<sup>(1)</sup> This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of St. Johns

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY <sup>(1)</sup>

June 30, 2006

Function and Activity	Land	Construction in Progress	Land Improvements	Buildings and Improvements	Furniture and Other Assets	Drain Flowage Rights	Infrastructure	Total
General government								
Administration	\$ 868,450	\$ -	\$ 240,172	\$ 1,798,337	\$ 63,366	\$ -	\$ -	\$ 2,970,325
Public safety								
Police department	-	-	-	102,566	-	-	-	102,566
Fire department	-	-	-	152,249	10,448	-	-	162,697
Total public safety	-0-	-0-	-0-	254,815	10,448	-0-	-0-	265,263
Public works								
Department of public works	-	-	683,000	99,554	17,800	30,623	-	830,977
Highway and streets	-	35,716	-	-	-	-	7,277,210	7,312,926
Total public works	-0-	35,716	683,000	99,554	17,800	30,623	7,277,210	8,143,903
Recreation and cultural								
Library	-	-	-	734,780	742,345	-	-	1,477,125
Parks and recreation	138,000	-	122,479	-	-	-	-	260,479
Total recreation and cultural	138,000	-0-	122,479	734,780	742,345	-0-	-0-	1,737,604
Total governmental funds capital assets	<u>\$ 1,006,450</u>	<u>\$ 35,716</u>	<u>\$ 1,045,651</u>	<u>\$ 2,887,486</u>	<u>\$ 833,959</u>	<u>\$ 30,623</u>	<u>\$ 7,277,210</u>	<u>\$ 13,117,095</u>

<sup>(1)</sup> This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of St. Johns

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY <sup>(1)</sup>

Year Ended June 30, 2006

Function and Activity	Governmental Funds Capital Assets July 1, 2005	Additions	Deductions	Governmental Funds Capital Assets June 30, 2006
General government				
Administration	\$ 2,987,615	\$ 650,071	\$ 667,361	\$ 2,970,325
Public safety				
Police department	102,566	-	-	102,566
Fire department	115,249	47,448	-	162,697
Total public safety	217,815	47,448	-0-	265,263
Public works				
Department of public works	830,977	-	-	830,977
Highway and streets	6,205,436	1,107,490	-	7,312,926
Total public works	7,036,413	1,107,490	-0-	8,143,903
Recreation and cultural				
Library	1,425,604	51,521	-	1,477,125
Parks and recreation	225,777	34,702	-	260,479
Total recreation and cultural	1,651,381	86,223	-0-	1,737,604
Total governmental funds capital assets	<u>\$ 11,893,224</u>	<u>\$ 1,891,232</u>	<u>\$ 667,361</u>	<u>\$ 13,117,095</u>

<sup>(1)</sup> This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of St. Johns

NET ASSETS BY COMPONENT

2004-2006  
(Unaudited)

	Fiscal Year		
	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	\$ 4,100,144	\$ 3,471,291	\$ 4,637,235
Restricted	1,064,154	1,743,340	1,311,895
Unrestricted	1,487,475	1,928,414	2,474,257
Total governmental activities net assets	<u>\$ 6,651,773</u>	<u>\$ 7,143,045</u>	<u>\$ 8,423,387</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 4,364,978	\$ 5,197,390	\$ 5,918,021
Restricted	3,556,926	2,312,947	2,332,411
Unrestricted	1,539,406	2,098,775	1,644,271
Total business-type activities net assets	<u>\$ 9,461,310</u>	<u>\$ 9,609,112</u>	<u>\$ 9,894,703</u>
Primary government			
Invested in capital assets, net of related debt	\$ 8,465,122	\$ 8,668,681	\$ 10,555,256
Restricted	4,621,080	4,056,287	3,644,306
Unrestricted	3,026,881	4,027,189	4,118,528
Total primary government net assets	<u>\$ 16,113,083</u>	<u>\$ 16,752,157</u>	<u>\$ 18,318,090</u>

Notes:

(1) Source: City of St. Johns Basic Financial Statements.

(2) The City implemented the reporting requirements of GASB Statement 34 in fiscal year 2004. Net asset information for periods prior to implementation is not readily available.

City of St. Johns

CHANGES IN NET ASSETS

2004-2006  
(Unaudited)

	Fiscal Year		
	2004	2005	2006
<b>Expenses</b>			
Governmental activities			
General government	\$ 1,330,958	\$ 1,247,137	\$ 1,352,404
Public safety	1,296,983	1,297,220	1,354,706
Public works	1,392,076	1,521,734	1,469,984
Community and economic development	500	-	169,519
Recreation and cultural	622,160	625,893	700,872
Interest on long-term debt	184,795	157,026	185,898
Total governmental activities expenses	4,827,472	4,849,010	5,233,383
Business-type activities			
Water and sewer	2,397,067	2,615,385	2,674,412
Total primary government expenses	<u>\$ 7,224,539</u>	<u>\$ 7,464,395</u>	<u>\$ 7,907,795</u>
<b>Revenues</b>			
Governmental activities			
Charges for services			
Refuse collection	\$ 489,720	\$ 464,440	\$ 483,052
Other public works	289,220	349,645	408,645
Other activities	216,397	347,504	389,237
Operating grants and contributions	299,044	747,102	917,352
Capital grants and contributions	17,667	123,111	1,213,548
Total governmental activities program revenues	1,312,048	2,031,802	3,411,834
Business-type activities			
Charges for services			
Water and sewer	2,205,547	2,649,811	2,790,029
Other activities	5,000	5,000	5,000
Capital grants and contributions	-	-	14,898
Total business-type activities program revenues	2,210,547	2,654,811	2,809,927
Total primary government program revenues	<u>\$ 3,522,595</u>	<u>\$ 4,686,613</u>	<u>\$ 6,221,761</u>
<b>Net (Expenses) Revenue</b>			
Governmental activities	\$ (3,515,424)	\$ (2,817,208)	\$ (1,821,549)
Business-type activities	(186,520)	39,426	135,515
Total primary government net (expense) revenue	<u>\$ (3,701,944)</u>	<u>\$ (2,777,782)</u>	<u>\$ (1,686,034)</u>

City of St. Johns

CHANGES IN NET ASSETS - CONCLUDED

2004-2006  
(Unaudited)

	Fiscal Year		
	2004	2005	2006
<b>General Revenues</b>			
Governmental activities			
Taxes	\$ 2,016,384	\$ 2,024,846	\$ 2,124,466
State shared revenue	1,290,758	753,763	747,033
Investment earnings	27,385	72,067	128,036
Gain (loss) on sale of capital assets	-	230,790	(99,061)
Miscellaneous	280,938	227,014	201,417
Total governmental activities general revenues	3,615,465	3,308,480	3,101,891
Business-type activities			
Investment earnings	48,855	64,703	118,623
Miscellaneous	32,389	43,673	31,453
Total business-type activities general revenues	81,244	108,376	150,076
Total primary government general revenues	<u>\$ 3,696,709</u>	<u>\$ 3,416,856</u>	<u>\$ 3,251,967</u>
<b>Change in Net Assets</b>			
Governmental activities	100,041	491,272	1,280,342
Business-type activities	(105,276)	147,802	285,591
Total primary government	<u>\$ (5,235)</u>	<u>\$ 639,074</u>	<u>\$ 1,565,933</u>

Notes:

- (1) Source: City of St. Johns Basic Financial Statements.
- (2) The City implemented the reporting requirements of GASB Statement 34 in fiscal year 2004. Net asset information for periods prior to implementation is not readily available.

City of St. Johns

FUND BALANCES

GOVERNMENTAL FUNDS

1997-2006  
(Unaudited)

	Fiscal			
	1997	1998	1999	2000
General Fund				
Reserved	\$ 26,432	\$ 22,621	\$ 24,035	\$ 20,348
Unreserved	485,148	539,725	656,122	593,415
Total General Fund	<u>\$ 511,580</u>	<u>\$ 562,346</u>	<u>\$ 680,157</u>	<u>\$ 613,763</u>
All other governmental funds				
Reserved	\$ 61,311	\$ 303,816	\$ 85,907	\$ 94,247
Unreserved, reported in:				
Special revenue funds	685,122	667,465	929,276	898,252
Capital projects funds	733,989	399,223	1,019,971	107,078
Total all other governmental funds	<u>\$ 1,480,422</u>	<u>\$ 1,370,504</u>	<u>\$ 2,035,154</u>	<u>\$ 1,099,577</u>

Notes:

(1) Source: City of St. Johns Basic Financial Statements.

Year					
2001	2002	2003	2004	2005	2006
\$ 87,748	\$ 36,594	\$ 45,402	\$ 52,854	\$ 61,489	\$ 63,146
295,765	317,273	187,493	308,085	805,244	1,057,585
<u>\$ 383,513</u>	<u>\$ 353,867</u>	<u>\$ 232,895</u>	<u>\$ 360,939</u>	<u>\$ 866,733</u>	<u>\$ 1,120,731</u>
\$ 146,843	\$ 190,331	\$ 276,260	\$ 137,641	\$ 226,858	\$ 187,500
984,702	1,137,047	1,255,329	1,489,062	1,548,443	1,568,856
21,798	141,614	141,870	565,720	1,047,972	562,371
<u>\$ 1,153,343</u>	<u>\$ 1,468,992</u>	<u>\$ 1,673,459</u>	<u>\$ 2,192,423</u>	<u>\$ 2,823,273</u>	<u>\$ 2,318,727</u>

City of St. Johns

CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

1997-2006  
(Unaudited)

	Fiscal			
	1997	1998	1999	2000
<b>Revenues</b>				
Taxes	\$ 1,651,645	\$ 1,687,201	\$ 1,720,717	\$ 1,781,806
Licenses and permits	12,813	10,711	9,570	12,465
Intergovernmental	1,356,521	1,500,309	1,565,969	1,455,270
Charges for services	824,299	868,622	696,268	804,132
Fines and forfeits	144,759	154,619	157,796	171,510
Interest and rents	122,702	131,521	169,596	186,213
Other revenue	693,193	396,294	181,629	216,820
Total revenues	4,805,932	4,749,277	4,501,545	4,628,216
<b>Expenditures</b>				
General Government	2,007,508	1,774,439	1,038,837	1,219,338
Public safety	826,404	857,444	1,107,747	1,204,300
Public works	1,234,233	773,074	715,458	1,038,552
Community and economic development	-	-	-	-
Recreation and cultural	441,081	476,568	437,313	483,802
Capital outlay	13,743	867,232	1,264,884	1,443,234
Debt service				
Principal	301,513	384,528	303,256	358,593
Interest and fiscal charges	126,670	173,442	188,268	212,378
Total expenditures	4,951,152	5,306,727	5,055,763	5,960,197
Excess of revenues over (under) expenditures	(145,220)	(557,450)	(554,218)	(1,331,981)
<b>Other financing sources (uses)</b>				
Proceeds from borrowing	1033000	510000	1400000	330,010
Bond discount and issuance costs	-	(11,702)	(71,351)	-
Transfers in	670,806	234,221	544,092	503,884
Transfers out	(670,806)	(234,221)	(536,062)	(503,884)
Total other financing sources (uses)	1,033,000	498,298	1,336,679	330,010
Net change in fund balances	\$ 887,780	\$ (59,152)	\$ 782,461	\$ (1,001,971)
Debt service as a percentage of noncapital expenditures	9.2%	13.2%	10.0%	10.5%

Notes:

(1) Source: City of St. Johns Basic Financial Statements.

Year					
2001	2002	2003	2004	2005	2006
\$ 1,816,779	\$ 2,005,281	\$ 2,074,328	\$ 2,016,384	\$ 2,106,312	\$ 2,210,813
12,326	11,275	34,138	39,577	70,685	104,906
1,433,035	2,016,909	1,513,136	1,468,319	1,534,744	2,357,397
818,748	769,332	793,006	878,152	917,293	1,021,591
160,411	164,252	155,745	176,994	181,359	170,812
131,179	105,857	79,414	53,898	97,223	147,472
256,278	180,570	1,245,667	323,423	535,449	939,221
4,628,756	5,253,476	5,895,434	4,956,747	5,443,065	6,952,212
1,273,042	1,232,539	1,538,869	1,193,672	1,311,755	1,377,835
1,220,886	1,206,691	1,248,541	1,289,947	1,291,443	1,346,664
866,763	821,172	794,489	1,038,283	1,194,028	1,296,306
500	500	1,000	500	-	169,519
497,454	545,636	553,351	598,759	578,491	649,392
379,081	916,689	1,665,375	638,563	215,070	1,826,897
373,102	477,906	407,009	548,373	269,177	356,128
194,412	177,190	172,541	162,642	181,457	180,019
4,805,240	5,378,323	6,381,175	5,470,739	5,041,421	7,202,760
(176,484)	(124,847)	(485,741)	(513,992)	401,644	(250,548)
-	410,850	569,236	1,161,000	735,000	-
-	-	-	-	-	-
442,888	256,674	477,973	290,672	424,301	314,907
(442,888)	(256,674)	(477,973)	(290,672)	(424,301)	(314,907)
-0-	410,850	569,236	1,161,000	735,000	-0-
\$ (176,484)	\$ 286,003	\$ 83,495	\$ 647,008	\$ 1,136,644	\$ (250,548)
12.5%	13.0%	9.9%	14.5%	9.4%	10.3%

City of St. Johns

ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY

1997-2006  
(Unaudited)

Fiscal Year	Property			
	Residential	Commercial	Industrial	Developmental
1997	\$ 82,210,030	\$ 19,024,900	\$ 23,763,400	\$ 305,500
1998	89,022,200	18,986,300	24,332,400	256,400
1999	98,032,000	19,603,800	23,897,000	251,400
2000	108,633,900	26,445,900	22,980,900	493,200
2001	119,994,500	28,268,900	23,783,400	609,900
2002	130,868,700	27,739,200	27,529,600	758,900
2003	138,045,900	29,222,000	31,476,300	553,900
2004	148,830,500	32,918,800	36,738,248	448,600
2005	161,398,700	39,452,000	37,800,100	853,600
2006	167,283,100	42,163,200	37,440,100	874,100

Notes:

- (1) Tax rates are per \$1,000 of assessed value.
- (2) Source: Assessor's equalization reports.

<u>Value</u>		Total Direct Tax Rate
	<u>Total</u>	
\$	125,303,830	12.964
	132,597,300	12.774
	141,784,200	12.574
	158,553,900	12.3992
	172,656,700	12.4003
	186,896,400	12.8693
	199,298,100	12.6181
	218,936,148	11.6332
	239,504,400	11.3536
	247,760,500	11.3427

City of St. Johns

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(Per \$1,000 of Assessed Value)

1997-2006  
(Unaudited)

Fiscal Year	City of St. Johns					
	General	Debt	Recreation	Garbage	Library	Total
1997	9.8040	2.1600	-	-	1.0000	12.9640
1998	9.8040	1.9700	-	-	1.0000	12.7740
1999	9.8040	1.7700	-	-	1.0000	12.5740
2000	9.7192	1.6800	-	-	1.0000	12.3992
2001	9.6618	1.7385	-	-	1.0000	12.4003
2002	9.6308	1.7385	-	0.5000	1.0000	12.8693
2003	9.6281	1.4900	-	0.5000	1.0000	12.6181
2004	9.5846	0.5486	-	0.5000	1.0000	11.6332
2005	9.5846	-	0.2690	0.5000	1.0000	11.3536
2006	9.5846	-	0.2581	0.5000	1.0000	11.3427

Notes:

(1) Table in mills

(2) Source: Tax Warrants issued by City Assessor

(3) St. Johns Public Schools' rate indicates homestead millage. For non-homestead, add 18.0000 mills.

<u>St. Johns Public Schools</u>	<u>Clinton County</u>	<u>Clinton County Regional Educational Service Agency</u>	<u>Total</u>
7.0000	5.8000	2.7653	28.5293
7.0000	5.7727	2.7580	28.3047
7.0000	5.7675	2.7550	28.0965
7.0000	5.7555	2.7334	27.8881
7.0000	5.7048	2.7105	27.8156
7.0000	5.6585	2.6922	28.2200
7.0000	5.603	3.6668	28.8879
7.0000	5.6030	3.5989	27.8351
7.0000	5.8000	3.5813	27.7349
7.0000	5.7489	3.7877	27.8793

City of St. Johns

PRINCIPAL TAXPAYERS

June 30, 2006  
(Unaudited)

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>2006 Taxable Value</u>	<u>Percent of Total Assessed Valuation</u>
Sav-A-Lot	Warehouse	\$ 8,633,800	3.48%
Federal Mogul	Industrial	8,276,800	3.34%
Dana Corporation	Industrial	3,158,900	1.27%
Clinton Commons	Multifamily Complex	2,486,800	1.00%
Barnard Manufacturing	Industrial	2,264,900	0.91%
Consumers Energy	Public Utility	2,032,300	0.82%
Allied Ring Co.	Industrial	2,982,900	1.20%
Harry's St. Johns LLC	Retail	2,660,500	1.07%
M&M	Warehouse	1,326,800	0.54%
CCS/Lansing Inc.	Psychiatric Hospital	<u>1,287,000</u>	<u>0.52%</u>
Total assessed value of ten largest taxpayers		35,110,700	14.15%
Total assessed value of other taxpayers		<u>212,649,800</u>	<u>85.85%</u>
Total assessed value of all taxpayers		<u><u>\$ 247,760,500</u></u>	<u><u>100.00%</u></u>

Note:

(1) Source: City Assessor

City of St. Johns

PROPERTY TAX LEVIES AND COLLECTIONS

1997-2006  
(Unaudited)

Fiscal Year	General	Debt Service	Recreation	Library	Garbage	Total Tax Levy
1997	\$ 1,188,651	\$ 261,882	\$ -	\$ 121,243	\$ -	\$ 1,571,776
1998	1,230,826	247,267	-	125,438	-	1,603,531
1999	1,274,964	230,181	-	130,047	-	1,635,192
2000	1,313,370	227,021	-	135,133	-	1,675,524
2001	1,343,977	241,804	-	139,093	-	1,724,874
2002	1,428,680	257,871	-	148,336	74,162	1,909,049
2003	1,514,947	234,420	-	157,338	78,663	1,985,368
2004	1,618,462	92,607	-	168,851	84,419	1,964,339
2005	1,776,404	-	49,841	185,330	92,659	2,104,234
2006	1,852,840	-	49,879	193,305	96,646	2,192,670

Notes:

- (1) Clinton County pays the City of St. Johns the full amount of the delinquent real property taxes upon settlement in March of each year.
- (2) The table includes Ad Valorem taxes only. It excludes commercial and industrial facilities taxes as provided under Public Acts 198 and 255.
- (4) The portion of levy collected during the fiscal year and in subsequent years is not readily available for fiscal years 2004 and prior.
- (4) Source: City of St. Johns Basic Financial Statements.

Amount Collected in Fiscal Year of Levy		Amount Collected in Subsequent Years	Total Tax Collections	Percent Collected (1)
Amount	Percentage			
			\$ 1,570,570	99.92%
			1,603,271	99.98%
			1,632,705	99.85%
			1,670,022	99.67%
			1,722,823	99.88%
			1,906,574	99.87%
			1,978,611	99.66%
			1,960,651	99.81%
2,071,552	98.45%	28,405	2,099,957	99.80%
2,150,376	98.07%	38,418	2,188,794	99.82%

City of St. Johns

RATIOS OF OUTSTANDING DEBT BY TYPE

1997-2006  
(Unaudited)

Fiscal Year	Population	Assessed Value of Property	Governmental Activities		
			General Obligation Bonds	Special Assessment Bonds	Notes and Loans
1997	7,392	\$ 132,597,300	\$ 2,385,000	\$ -	842,497
1998	7,392	141,784,200	2,480,000	-	854,775
1999	7,392	158,553,900	3,635,000	-	777,268
2000	7,392	172,656,700	3,335,000	-	1,028,325
2001	7,485	186,896,400	3,020,000	-	905,754
2002	7,485	186,896,400	2,930,000	155,000	628,075
2003	7,485	199,298,100	2,580,000	140,000	1,237,759
2004	7,485	218,936,148	2,715,000	120,000	1,291,029
2005	7,485	239,504,400	3,295,000	105,000	1,177,772
2006	7,485	247,760,500	3,095,000	85,000	1,134,549

Note:

(1) Source: City of St. Johns Basic Financial Statements.

Business-type Activities		Total Primary Government	Net Debt to Assessed Value	Net Debt Per Capita
Revenue Bonds	Notes and Loans			
\$ 7,365,000	\$ -	10,592,497	7.99%	1,432.97
7,265,000	-	10,599,775	7.48%	1,433.95
7,055,000	-	11,467,268	7.23%	1,551.31
6,830,000	119,985	11,313,310	6.55%	1,530.48
6,595,000	-	10,520,754	5.63%	1,405.58
6,345,000	-	10,058,075	5.38%	1,343.76
6,085,000	152,705	10,195,464	5.12%	1,362.12
8,670,000	152,705	12,948,734	5.91%	1,729.96
8,535,000	152,705	13,265,477	5.54%	1,772.27
8,210,000	137,807	12,662,356	5.11%	1,691.70

City of St. Johns

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

1997-2006  
(Unaudited)

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value of Property</u>	<u>General Obligation Bonds <sup>(2)</sup></u>	<u>Bonded Debt Service Funds Available <sup>(3)</sup></u>	<u>Net General Bonded Debt</u>
1997	7,392	\$ 132,597,300	\$ 2,385,000	\$ 47,357	\$ 2,337,643
1998	7,392	141,784,200	2,480,000	43,470	2,436,530
1999	7,392	158,553,900	3,635,000	84,003	3,550,997
2000	7,392	172,656,700	3,335,000	91,544	3,243,456
2001	7,485	186,896,400	3,020,000	144,101	2,875,899
2002	7,485	186,896,400	2,930,000	189,451	2,740,549
2003	7,485	199,298,100	2,580,000	260,279	2,319,721
2004	7,485	218,936,148	2,715,000	126,285	2,588,715
2005	7,485	239,504,400	3,295,000	202,168	3,092,832
2006	7,485	247,760,500	3,095,000	175,322	2,919,678

Note:

(1) Source: City of St. Johns Basic Financial Statements.

(2) Amount does not include special assessment debt.

(3) Amount does not include funds available for retirement of special assessment debt.

<u>Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
1.76%	\$ 316.24
1.72%	329.62
2.24%	480.38
1.88%	438.78
1.54%	384.22
1.47%	366.14
1.16%	309.92
1.18%	345.85
1.29%	413.20
1.18%	390.07

City of St. Johns

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

June 30, 2006  
(Unaudited)

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable</u>	<u>Direct and Estimated Overlapping Debt</u>
St. Johns Public Schools	\$ 38,521,332	36.38%	\$ 14,014,061
Clinton County	<u>15,225,000</u>	9.68%	<u>1,473,780</u>
Total overlapping debt	53,746,332		15,487,841
City of St. Johns	<u>4,314,549</u>	100.00%	<u>4,314,549</u>
Total direct and overlapping debt	<u><u>\$ 58,060,881</u></u>		<u><u>\$ 19,802,390</u></u>

City of St. Johns

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2006  
(Unaudited)

State Taxable Assessed Value		
Real property		\$ 224,774,900
Personal property		22,985,600
Industrial facilities (1)		<u>3,659,100</u>
Total taxable assessed value		<u>\$ 251,419,600</u>
Debt Limit		
10% of State equalized assessed value		\$ 25,141,960
Amount of Debt Applicable to Debt Limit		
Total bonded debt	\$ 11,390,000	
Less:		
Amount available in debt service funds	175,322	
Revenue bonds	8,210,000	
Special assessment bonds	<u>85,000</u>	
Total amount of debt applicable to debt limit		<u>2,919,678</u>
Legal debt margin		<u>\$ 22,222,282</u>

Note:

(1) Adjusted to State Equalized Equivalent

City of St. Johns

LEGAL DEBT MARGIN

1997-2006  
(Unaudited)

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Net Applicable Debt</u>	<u>Legal Debt Margin</u>	<u>Ratio</u>
1997	\$ 12,530,383	\$ 2,337,643	\$ 10,192,740	18.66%
1998	13,259,730	2,436,530	10,823,200	18.38%
1999	14,474,490	3,550,997	10,923,493	24.53%
2000	16,249,780	3,243,456	13,006,324	19.96%
2001	17,713,680	2,875,899	14,837,781	16.24%
2002	19,042,030	3,071,614	15,970,416	16.13%
2003	20,235,910	2,855,626	17,380,284	14.11%
2004	22,096,179	2,588,715	19,507,464	11.72%
2005	24,316,350	3,092,832	21,223,518	12.72%
2006	25,141,960	2,919,678	22,222,282	11.61%

City of St. Johns

DEMOGRAPHIC STATISTICS

1997-2006  
(Unaudited)

Fiscal Year	Population	Personal Income	Personal Income Per Capital <sup>(3)(5)</sup>	Unemployment Rate <sup>(5)(6)</sup>
1997	7,392 <sup>(1)</sup>	\$ 173,808	\$ 23,513	2.9%
1998	7,392 <sup>(1)</sup>	180,387	24,403	2.7%
1999	7,392 <sup>(1)</sup>	190,581	25,782	2.6%
2000	7,392 <sup>(1)</sup>	198,948	26,914	3.2%
2001	7,485 <sup>(2)</sup>	206,638	27,607	4.0%
2002	7,485 <sup>(2)</sup>	209,543	27,995	5.1%
2003	7,485 <sup>(2)</sup>	219,999	29,392	6.1%
2004	7,485 <sup>(2)</sup>	221,466	29,588	6.2%
2005	7,485 <sup>(2)</sup>	227,132	30,345 <sup>(4)</sup>	6.4%
2006	7,485 <sup>(2)</sup>	N/A	N/A <sup>(4)</sup>	5.7%

Notes:

(1) Source: 1990 Census report.

(2) Source: 2000 Census Report

(3) Source: Bureau of Economic Analysis: Regional Economic Accounts

(4) Date for 2005 was released on September 6, 2006. Data for 2006 will not be available until September 2007.

(5) Source: Bureau of Labor Statistics

(6) Personal income per capita and unemployment rates are presented for the Lansing-East Lansing metropolitan area which includes the counties of Ingham, Eaton, and Clinton.

City of St. Johns

CONCENTRATION OF WORKFORCE

June 30, 2006 and 1997  
(Unaudited)

Industry	2006		1997	
	Number of Jobs <sup>(1)(2)</sup>	Percentage of Workforce	Number of Jobs <sup>(1)(2)</sup>	Percentage of Workforce
Construction and Mining	9,200	3.84%	8,900	3.84%
Manufacturing	21,800	9.09%	31,300	13.51%
Trade, Transportation, and Utilities	36,300	15.14%	36,400	15.71%
Information	3,100	1.29%	3,700	1.60%
Financial Activities	15,800	6.59%	11,600	5.01%
Professional and Business Services	20,300	8.47%	23,800	10.27%
Educational and Health Services	26,800	11.18%	22,500	9.71%
Leisure and Hospitality	20,000	8.34%	19,400	8.37%
Other Services	11,200	4.67%	9,900	4.27%
Government	61,100	25.48%	61,000	26.32%
Farming	14,200	5.92%	3,260	1.41%
Total	239,800	100.00%	231,760	100.00%

Notes:

(1) Source: Bureau of Labor Statistics

(2) Number of jobs is presented for the Lansing-East Lansing metropolitan area which includes the counties of Ingham, Eaton, and Clinton.

City of St. Johns

FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

1997-2006  
(Unaudited)

Function	Full time Equivalent Employees			
	1997	1998	1999	2000
General government	10	10	10	10
Public safety	13	13	13	13
Public works	24	24	24	24
Community and economic development	-	-	-	-
Recreation and cultural	4	4	4	5
Total	51	51	51	52

as of June 30					
2001	2002	2003	2004	2005	2006
10	9	9	9	9	9
13	13	13	13	13	13
23	22	22	22	22	22
-	-	-	1	1	1
5	5	5	5	5	5
51	49	49	50	50	50

City of St. Johns

OPERATING INDICATORS BY FUNCTION

1997-2006  
(Unaudited)

Function	1997	1998	1999	2000
Public safety				
Physical arrests	576	446	435	344
Parking violations	1,419	1,478	1,190	1,356
Traffic violations	1,466	1,166	1,110	1,045
Emergency fire responses	91	115	133	123
Public works				
Street resurfacing (miles)	0.96	0.52	0.01	1.13
Number of water meters	2,777	2,790	2,843	2,830
Average daily water consumption (gallons)	910,898	988,000	983,540	963,000
Peak daily water consumption		1,775,000	1,785,000	1,978,000
Average daily sewage treatment	1,539,696	1,512,539	1,356,638	1,401,473
Recreation and cultural				
Volumes in library collection			82,998	86,829
Volumes borrowed from library		91,110	97,156	98,441

Notes:

- (1) Water, sewage, and public safety data are reported on a calendar year basis. Data for the 2006 fiscal year is not yet available.
- (2) Library data is not readily available for the years omitted.

2001	2002	2003	2004	2005	2006
261	453	499	368	445	
1,531	1,302	1,287	1,247	1,311	
1,163	1,312	1,483	1,298	1,408	
60	73	94	46	50	
0.89	0.36	-	-	-	-
2,860	2,904	2,955	2,955	3,031	3,116
878,000	976,000	905,463	883,000	767,592	895,000
1,793,000	2,114,000	1,558,000	1,573,000	1,795,000	
1,592,041	1,374,512	1,246,101	1,409,498	1,374,293	
84,084	83,772	83,996	93,345	98,317	
102,581	102,582	105,701	111,862	117,396	

City of St. Johns

CAPITAL ASSET STATISTICS BY FUNCTION

1997-2006  
(Unaudited)

Function	1997	1998	1999	2000
Public safety				
Police protection				
Number of stations	1	1	1	1
Fire protection				
Number of stations	1	1	1	1
Public works				
Refuse collection				
Number of trucks				
Streets				
Streets (miles)	36	36	36	72
Traffic signals	6	6	6	6
Water				
Mains (miles)	38	38	38	38
Fire hydrants	257	257	257	257
Storage capacity (gallons)	900,000	900,000	900,000	900,000
Waste water				
Sanitary sewers (miles)	39	39	39	41
Storm sewers (miles)	32	32	32	32
Treatment capacity (gallons)	2.5	2.5	2.5	2.5
Recreation and cultural				
Parks (acres)	142	142	142	142
Playgrounds	6	6	6	6
Municipal swimming pools	1	1	1	1
Tennis courts	11	11	11	11
Softball diamonds	3	3	3	3

2001	2002	2003	2004	2005	2006
1	1	1	1	1	1
1	1	1	1	1	1
72	82	80	80	80	80
6	6	4	4	4	4
38	48	48	48	48	50
275	275	307	307	307	307
900,000	900,000	900,000	900,000	900,000	900,000
41	43	43	43	43	43
32	32	32	32	32	32
2.5	2.5	2.5	2.5	2.5	2.5
142	142	142	142	142	116
6	6	6	6	6	6
1	1	1	1	1	1
11	11	11	11	11	11
3	3	3	3	3	3